

JPRS-LAM-87-017

6 MARCH 1987

Latin America Report



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

6 MARCH 1987

LATIN AMERICA REPORT

CONTENTS

INTER-AMERICAN AFFAIRS

Argentina, Brazil Joint Oil Exploration Accord (TELAM, 7 Dec 86).....	1
--	---

ANTIGUA AND BARBUDA

Government Called 'Laughing Stock' for Vote at UN (THE WORKERS VOICE, 17 Dec 86).....	2
--	---

ARGENTINA

Political Parties, Factions Campaign Toward 1987 Elections (LA VOZ DEL INTERIOR, 26 Dec 86).....	3
Center Parties	3
Justicialist Party	4
Radical Civic Union	6
Leftist Groups	8
Briefs	
Fishing Vessels to Morocco	11
Oil Discovery	11

BARBADOS

Exports to U.S. Continue Fall, CBI Results 'Disappointing' (BARBADOS ADVOCATE, 13 Jan 87).....	12
LPG Plant Moving Ahead With Help From Canada (BARBADOS ADVOCATE, 10 Jan 87).....	13
Briefs	
Envoy in Caribbean	15

BOLIVIA

Increase in Dollar Deposits Shows Return of Public Confidence (PRESENCIA, 20 Dec 86).....	16
Energy Minister Notes Sector's Achievements in 1986 (PRESENCIA, 28 Dec 86).....	18
La Gaiba's Illegal Exploitation Reinvestigated (PRESENCIA, 10 Dec 86).....	19
Briefs	
New Town Builds Airport	21
Road Projects	21

BRAZIL

Poll Shows Divergent Views on Constituent Assembly Issues (CORREIO BRAZILIENSE, 8 Dec 86).....	23
Document of Sao Paulo Business Leaders Scores Cruzado Plan (O GLOBO, 9 Jan 87).....	28
Most Prominent Firms Comprising Defense Industry Surveyed (Klaus Wolff-Casado Revuelta; TECNOLOGIA MILITAR, No 12, 1986).....	30
EMFA Issues New Military Wage Adjustment Table (O GLOBO, 9 Jan 87).....	59
Country Confuses Market by Importing, Re-Exporting Coffee (Klaus Hart; DEUTSCHES ALLGEMEINES SONNTAGSBLATT, No 49, 7 Dec 86).....	60
Oil Production, Derivatives Consumption Figures Released (Allan Caruso; MANCHETE, 17 Jan 87).....	63
Briefs	
Dias Ousted as PCB Head	65
Sarney Would Receive Castro	65

CUBA

Slow Enforcement of Decree-Law 92 on Worker Responsibility (Daysi Jardines; GRANMA, 27 Nov 86).....	66
14 Percent Rise in Tourism Projected (GRANMA, 27 Nov 86).....	67
Ramiro Valdes, Others Meet With Soviet Electronics Officials (Roberto Paneque Fonseca; GRANMA, 29 Nov 86).....	68

Progress Report on Havana City Public Works Projects (Raul Palazuelos Barrios; GRANMA, 29 Nov 86).....	69
Construction Microbrigade Activity in Havana (Raul Palazuelos Barrios; GRANMA, 26 Nov 86).....	71
Briefs	
Notice on Ration Books	73
Raul Castro Published in Vietnam	73
CTC Newspaper Redesigned	73
Hotel Renovation, Construction in Varadero	73
Female Military Service	74

DOMINICAN REPUBLIC

PRD Viewed as Facing Continuing Leadership Problems (Nelson Encarnacion; EL NACIONAL, 2 Jan 87).....	75
2.25 Billion Peso 1987 Budget Approved (LISTIN DIARIO, 28 Nov, 10 Dec 86; EL CARIBE, 5, 16 Dec 86).....	77
Development Council Presents Budget	77
Senate Votes Reduction	79
Chamber Approves Senate Budget	80
Increased Revenue Forecast	81

GUATEMALA

Active Neutrality, Parliament 'Victims' of Area Conflict (Editorial; PRENSA LIBRE, 10 Dec 86).....	84
Cabrera Reaffirms Active Neutrality, Denounces Fighting (PRENSA LIBRE, 9 Dec 86).....	86
Commentary Views Impact of Irangate on Central America (Alvaro Contreras Velez; PRENSA LIBRE, 6 Dec 86).....	88
Marroquin Seeks Regional Development To Curb City Growth (PRENSA LIBRE, 22 Dec 86).....	90
UCN Congressional Membership Declines (PRENSA LIBRE, 29 Dec 86).....	91
Briefs	
First Lady Welcomes Refugees	92

MEXICO

Prosecution of Some Durazo Moreno Case Witnesses Planned (EXCELSIOR, 4, 9 Dec 86).....	93
Nonappearance of Durazo's Brother-In-Law February Weapons Case Decision Awaited, by Hector Adorno R.	93 94
Army To Train Mexico City Police for Anticrime Effort (Aurora Berdejo, Nidia Marin; EXCELSIOR, 20 Dec 86).....	95
PRI, COCEI Begin Shared-Power Arrangement in Juchitan (Rafael Bermudez; LA JORNADA, 15 Dec 86).....	97
Change in Juvenile Status Urged by Sales Gasque (UNOMASUNO, 29 Nov 86)	99

NICARAGUA

Carrion on Relationship Between FSLN, Christians (Luis Carrion Interview; EL NUEVO DIARIO, 26, 27 Dec 86)..	100
--	-----

PERU

Anthropologist on Social Injustice, Subversive Violence (Luis Lumbreras Interview; EL NACIONAL, 9 Dec 86).....	110
---	-----

/12223

INTER-AMERICAN AFFAIRS

ARGENTINA, BRAZIL JOINT OIL EXPLORATION ACCORD

Buenos Aires TELAM in Spanish 1317 GMT 7 Dec 86

[Text] Brazil and Argentina: Oil Exploration

Rio de Janeiro, 7 Dec (TELAM-EFE)--Brazil and Argentina will explore for oil in Ecuador and Peru over the next few years under a reciprocal cooperation agreement, the director of planning for PETROBRAS [Brazilian Petroleum Corporation], Cid Rodriguez, reported today.

He added that the company BRASPETRO, an overseas subsidiary of PETROBRAS, would explore for oil in eastern Argentina in the so-called Magalhaes bloc along with Argentina's YPF [Government Oil Deposits] and Chile's National Petroleum Enterprise (ENAPE).

Rodriguez stated that these agreements are included in one of the economic integration protocols that the presidents of Brazil and Argentina, Jose Sarney and Raul Alfonsin, will sign during the visit that the Argentine chief executive will be making to Brazil starting tomorrow, Monday.

Rodriguez said that specialists from PETROBRAS and from Argentina's YPF and State Gas have finished work on their recommendations, which Alfonsin and Sarney will analyze and which include plans for cooperation in the field of oil.

Regarding Brazilian imports of Argentine gas, Rodriguez asserted that the recommendations probably include the construction of a 1,350-kilometer pipeline between the cities of San Jeronimo in the Argentine province of Santa Fe and Porto Alegre in the Brazilian state of Rio Grande do Sul.

He indicated that the pipeline would enable Brazil to import 1.2 million cubic meters of natural gas a day from Argentina and would cost \$230 million, which would be financed jointly.

In Ecuador, BRASPETRO and YPF are going to look for oil in association with the French enterprise Elf Aquitaine, Rodriguez said.

He stated in conclusion that another Brazilian-Argentine oil project involves exploration in Peru along with the firm PETROMAR, a subsidiary of Peru's State Petroleum Agency (PETROPERU).

GOVERNMENT CALLED 'LAUGHING STOCK' FOR VOTE AT UN

St Johns THE WORKERS VOICE in English 17 Dec 86 p 1

[Text]

Recently we have written about the muddle which has been taking place in our Foreign Affairs. Antigua/Barbuda has been speaking with two different tongues on matters which should be very straight forward. At the United Nations, the Organization of American States and other such bodies, Antigua and Barbuda has been casting some strange votes to say the least. We have voted differently from all other Third-world countries, quite often on issues which are of fundamental importance to all developing countries.

We fail to understand why we are always the odd man out. We appreciate the fact that we have aligned ourselves closely with the U.S.A., but certainly we should never compromise our sovereignty in the interest of any other country. We must maintain our dignity and independence.

The most recent incident where Antigua/Barbuda has made itself the laughing stock of the world with its incomprehensive vote at the U.N. when the Resolution on the International Conference of the Middle East was debated. Antigua/Barbuda, to the consideration of all the 150 countries present, cast its vote with the U.S.A. and Israel. Knowing the country's Foreign Minister as

we do, we are more than certain that he would never instruct his Representative at the UN to vote against such a resolution, which is fundamental to the basic rights and freedom of a people. Then who gave the orders to vote differently? we can not in our wildest dreams conceive how a Government which sports the doctrine of democratic Socialism could vote against such a resolution. It is imperative that our Foreign Minister tell the nation how this came about and if it is as we believe, a case over which he has no control, then he should ask the Rt. Hon. Prime Minister to relieve him of the responsibility for Foreign Affairs.

It would appear to us that the Israeli farm near Pares Village is influencing the policies of certain ministries of this Government. Mr. Sarfarte, the owner of the Farm has been made chairman of our local airline and is one of the signatories of the funds which we derive from our agreement with B.A. We understand that these funds are lodged in the Swiss American Bank, and can only be withdrawn when Sarfarti signs. Someone has set this man up as a power broker in Antigua, and it would seem as if our foreign policy is being influenced in that direction. Please stop this ignorance now.

/9274

CSO: 3298/115

POLITICAL PARTIES, FACTIONS CAMPAIGN TOWARD 1987 ELECTIONS

Center Parties

Cordoba LA VOZ DEL INTERIOR in Spanish 26 Dec 86 pp 4-5

[Text] Buenos Aires--(DYN)--The right-wing parties in Argentina have embarked upon a stage which will be decisive in determining their fate within the Argentine political context, after a year in which they had slight but sustained electoral growth but were characterized by a continuing lack of definition about the steps which should be taken to establish a single great national party.

Splintering is the greatest enemy of those who aspire to serve as a decisive point of reference in the local ideological spectrum in the coming decade, such as to be capable of participating or even competing, step by step, with the great party forces of this century--the radicals and the Peronists.

The constituent elections in San Luis and Cordoba showed the conservative leaders that they can achieve an electoral total "with prospects" for the future only where they unite.

But at the same time, they see that achieving this goal, vital perhaps for historic survival, will not be simple, because there is no single project, no one single idea as to how and with what goals that unity should be pursued.

Adding together the members of Alvaro Alsogaray's Democratic Center Union (UCD), the parties involved in the New Majority of Corrientes Governor Jose Romero Feris, and the conservative provincial groups, one gets an approximate total of 300,000.

Where the New Majority is concerned, Romero Feris is the undisputed leader. With broad electoral domination in his province, he has established strategic agreements with the provincial party groups which guarantee his support in almost all of the districts of the country, although not those which are largest, such as the federal capital and Buenos Aires.

It is there that the Alsogaray group has the greatest support, but without such clear internal leadership, and with heavily divided opinions on the path to be pursued to achieve unity.

In this capital city, elections will be held on 10 May 1987 to choose the candidates for the national deputies' seats and, assurance is given, the former minister of economy will run as the candidate of the "liberal orthodox" faction, and present council member Adelina D'Alessio de Viola will run on a party "renewal" ticket.

Both candidacies embody the internal differences and the various projects which might be defended to achieve electoral agreement with Romero Feris next year and in the 1989 presidential elections.

Alsogaray is not eager to agree to share leadership of the right wing with the governor of Corrientes, and he even promoted the establishment of the UCD in that province several weeks ago, in order to dispute each area of authority with him before sitting down to talk.

Adelina de Viola, for her part, is attempting to provide a political argument more "acceptable" to the ordinary citizen, for the voter who "does not understand the deterioration in the terms of trade but does understand that the country needs new income in order to leave stagnation behind," as she herself explains it.

With matters thus, the timing and the forms of right-wing unity, and even the continued division among the various leadership groups, which could only lead to electoral failure, depend on the resolution of the dispute in the most traditional party in the right wing.

Romero Feris and Adelina de Viola will perhaps make a better adjustment to the current requirements, but they know that alone they are powerless. They need the "apparatus" of Alsogaray or the image of his daughter Maria Julia, and the historic presence of many of the old provincial leaders.

Justicialist Party

Buenos Aires LA VOZ DEL INTERIOR in Spanish 26 Dec 86 p 4

[Text] (DYN)—About 925,000 Peronists throughout the country participated in 16 internal party elections this year to choose their officials and the candidates for elective posts. This enabled them to consolidate a formidable institutional advance for the renewal sector, which at year's end had achieved effective control of a half of the Justicialist districts.

However, despite some resounding triumphs, the renewal faction could not alter the balance of forces within the Justicialist leadership which, after the party congress held in Tucuman in the early days of November, endorsed Vicente Saadi as head of the group, on the basis of an agreement with various "orthodox" groups.

Chronologically, the series of internal elections of greatest significance began on 27 April in Catamarca, where Saadi won the candidacy which led to his reelection as a national senator, while his son, Governor Ramon Saadi, was elected president of the provincial Peronist organization.

The consolidation of the strength of this Catamarcan leader came about through the decisive victory over sectors in the renewal sector, which did not even offer complete general candidates' slates, but waged their battle in certain provincial departments.

Several months later, a new electoral battle was waged in Tucuman (17 August), leading to the clear confirmation of the hegemony of the internal sector headed by Governor Fernando Riera, who won out over the renewal slates.

Confirmation of provincial leaders also came about in Salta on 7 September, when Governor Roberto Romero won a smashing victory over his internal rivals.

Both Riera and Romero have shrunk away, and are still doing so today, from a definitive position with regard to the renewal and orthodox sectors, although in general they tend to respect party "legality," supporting the policies promoted by Saadi.

On 19 October the internal Peronist election in Santa Fe was held. It had been preceded by bitter disputes among the participating sectors, and there was an additional factor, in that the former provisional president, Italo Luder, was running for a seat as national senator for the province.

These elections in fact drew the participation 180,000 members, a figure which is the more significant in view of the earlier numbers.

Two groups clashed, and within them there were sectors belonging to the renewal faction which won support from various sources in the national leadership of this movement.

The results gave victory to the group affiliated with Governor Jose Maria Vernet, which supported Luis Rubeo for the national senate and the Victor Reviglio and Enrique Vanrell team for state government.

Following the elections in Santa Fe, others were held in Chubut, Santa Cruz and San Juan, where the renewal faction won major victories over the orthodox sectors.

Then came the party elections in which the highest hopes had been placed, including the districts in which the National Council had intervened, Buenos Aires in particular.

The first was Rio Negro, with a categorical victory for Remo Constanzo, who won what was practically a plebiscite as party leader and certain candidate for the gubernatorial post.

On 16 November, the elections in the principal Peronist district, Buenos Aires, took place, following successive postponements which even left the holding of the elections in doubt.

The victory of Buenos Aires leader Antonio Cafiero gave him a privileged position in comparison to his rivals, but also his own comrades in the renewal sector.

That same day, internal elections were also held in Entre Rios, where Jorge Busti won out over Carlos Vairetti. Both are affiliated with the renewal sector.

The winner, a candidate for the gubernatorial post next year, had the support of Menem, while his rivals were supported by Grosso and Cafiero. Despite that fact, after his triumph, he joined the renewal faction these latter individuals head.

On 30 November, internal elections were held in Jujuy, with Governor Carlos Snopek winning the presidency of the Justicialist Party and Ricardo Di Aparisi the candidacy for the governorship, thus consolidating the national advance of the renewal faction.

The Peronists in Formosa also voted that Sunday, giving the presidency of the party to Vicente Joga, a man closely linked with Governor Floro Bogado, who thus confirmed his internal hegemony, although there was no progress toward better definition on the national level.

The only internal elections held in December took place in the federal capital, where despite the fact that only the seats of the national deputies, local and municipal council members were at issue, Grosso found himself obliged to legitimize his hegemony in the district.

He did so by winning out over the orthodox faction headed by Raul Matera and over the division in the renewal sector itself, which sponsored Carlos Ruckauf as the official candidate and Julio Guillan as the alternate.

A week earlier, the election to choose the delegates to the constituent convention was held in Cordoba, and in fact it provoked an open internal conflict for the Justicialist movement because of the decision of renewal faction member Jose Manuel de la Sota to establish his own slate with the Christian Democrats, outside the official organization.

Cordoba is the only district where the party leadership is still intervening, having accepted the resignation of interventor Alberto Seru Garcia, who only succeeded in winning third place for the Peronists, following the radicals and the renewal faction.

Radical Civic Union

Buenos Aires LA VOZ DEL INTERIOR in Spanish 26 Dec 86 p 5

[Text] (DYN)--The internal elections held by the radicals in 12 provinces this year, in which approximately 700,000 members participated, confirmed the hegemony of the so-called Alfonsin faction in the governing party, and within that faction, revealed a new advance for the various groups in the National Coordination Council (JCN).

The radicals chose candidates for elective posts this year, and in many cases new party officials, in various of the leading provinces, including Buenos

Aires and Santa Fe. However, the internal elections in such districts as the federal capital and Cordoba are still to be held.

In only one of the 1986 elections, the Renewal and Change (RyC) movement and the JCN, which in some instances formed an alliance, were defeated by the Balbino faction. This was in Santa Cruz, where leader Angela Sureda won out as candidate for governor.

The other exceptional case, although different from that in Santa Cruz, occurred in Mendoza, where an alliance sponsoring Deputy Raul Baglini of the Balbinist "National Cause" faction as the gubernatorial candidate was victorious.

This alliance included the sectors of the JCN headed by leaders Federico Storani (Buenos Aires) and Enrique Nosiglia (federal capital), still within the RyC. On the other hand, the sector supporting Luis Caceres (Santa Fe) competed alone and suffered a harsh defeat.

The JCN succeeded in securing six gubernatorial candidacies this year--for Caceres, in Santa Fe; Ricardo Lafferriere, in Entre Rios; Horacio Massaccesi, in Rio Negro; Rodolfo Quesada, in Neuquen; Mario Losada, in Misiones; and Alberto Espeche, in Salta.

The RyC, for its part, maintained control in Buenos Aires, where "Fredy" Storani's JCN achieved surprising results, with 37 percent of the votes, as well as in La Pampa, Formosa and Chubut.

Two elections were held outside the party framework this year--those in San Luis and Cordoba. Apart from constituting a warning to the radical sector as a whole, they revealed some signs of an internal dispute.

In San Luis, where the radical faction was defeated by the Peronists in two elections--that for the constituent convention delegates and the popular consultation on the national senatorial seat--the JCN achieved a greater consensus in the "open internal clash" than did the Yrigoyen Affirmation Movement (MAY) and the RyC. And it will attempt to utilize this strength in the party elections next year.

In Cordoba, after the significant loss of votes by the UCR, there is every reason to believe that reproaches on both sides will be forthcoming in (perhaps) explicit form during the internal elections next year.

The clash there is between the Cordoba Line, headed by Governor Eduardo Angeloz and the RyC, whose leader, the secretary general of the office of the presidency, Carlos Becerra, is aligned with the JCN.

The internal elections, of course, do not stop with the battle among the large factions alone, but have an effect within the movement itself, where extensive calculations are made after each party election.

For example, JCN spokesmen in Buenos Aires point to the result obtained in that province and the victories won by "friends" in Rio Negro and Neuquen.

They also point to Chubut, where Deputy Santiago Lopez, who is affiliated with this sector, won the candidacy for the vice governorship; to Salta, where the triumph was shared with the supporters of "Changuí" Cáceres; and to Mendoza, where the alliance formed won out in the internal elections.

Among the supporters of Cáceres, satisfaction was expressed with the victory won in Santa Fe, with 55 percent of the votes, but there is also a realistic assessment of the notable victory of the intendant in Rosario, Horacio Usandizaga, who is affiliated with the "historic" sector of the RyC.

The JCN in Buenos Aires, which was successful this year only in Mendoza and Formosa, will face internal elections in this district soon, in March or April, in which to confirm this strength.

Various metropolitan groups have begun to build bridges with a view to an alliance in order to confront the sector led by Nosiglia, who has hegemony in the district.

In this connection, mention has been made of talks between some "historic" members of the RyC and representatives of the MAY, in an effort to establish a pole of opposition to the JCN. It appears that this hope is shared by the former secretary of culture for the municipality of Buenos Aires, Mario "Pacho" O'Donnell.

Within the ranks of the JCN, two brand new gubernatorial candidates must also be taken into account. They are Lafferrière, who, in alliance with Cesar Jaroslavsky, won with 56 percent of the votes in Entre Ríos, and Losada, in Misiones.

Losada occupies an "eclectic" position with regard to the three highest JCN leaders, Nosiglia, Storani and Cáceres, and the senator from Entre Ríos also has a balanced position, although he reveals more of an inclination to share the views of the Buenos Aires leader.

Where Lafferrière is concerned, the possibility that he will be asked to participate in the next meeting of the three Coordination leaders, to which Becerra would also likely be invited, cannot be excluded.

Despite the different attitudes, the bulk of the party stands behind the figure of President Raul Alfonsín.

This was demonstrated with the presentation of the controversial "final point" draft law. This initiative was supported by the highest bodies involved in the leadership and the blocs of national deputies and senators.

Leftist Groups

Cordoba LA VOZ DEL INTERIOR in Spanish 26 Dec 86 p 5

[Text] (DYN)--The 1987 elections to fill parliamentary seats and provincial gubernatorial posts appear to pose a great challenge to the forces ordinarily known as "leftist," offering the first opportunity, in view of the

deterioration of the government party and the crisis which has occurred in the Justicialist movement, to increase their electoral strength and to achieve greater legislative participation.

To begin with, the Intransigent Party (PI), plunged in a great polemic on the definition of the path to be pursued in its front policy, and in serious danger of schism, is the leftist force which has the greatest potential for adding to the million votes won in the 1985 elections.

The intransigent faction will, obviously, focus its efforts on the province of Buenos Aires and the federal capital, where it won 80 percent of its electoral support. It will do so now for the purpose of presenting itself as an alternative to the radicals and the Peronist renewal faction, speculating on the possibility of electing party leader Oscar Alende as a candidate for the governorship in Buenos Aires.

The proposed government team for the province of Buenos Aires would include Peronist leader Osvaldo Villaflor, who has already indicated his intention of breaking with the Popular Front (FREPU), a Communist Party and Movement Toward Socialism alliance which made him the leading candidate for a national deputy's seat for the district last year.

The leaders of the PI speculate that Villaflor's intention, with the inclusion of the two factors--candidates for government posts and other members of the so-called "base level Peronism"—on the slates of candidates for elective posts, would be attractive to the vast sectors of Justicialism dissatisfied with the renewal movement, scattered socialist groups, and the so-called "independent leftist voters," among whom Alende enjoys prestige.

With regard to the FREPU, things are not very clear either, since the main partner in the coalition, the Communist Party, has just undergone a renewal and discussion process which produced some withdrawals, while the Movement Toward Socialism is virtually split in two, although both forces, despite their internal problems, are unwilling to abandon the alliance which won them more than 200,000 votes, but no parliamentary representation, in 1985.

While in their arguments, with harsh challenges to the government which on more than one occasion have provoked a reaction from President Raul Alfonsín, the leaders of the FREPU have set forth their opposition to what they call "formal or bourgeois democracy," they hope to obtain representation in the Chamber of Deputies and in the Buenos Aires Deliberative Council in 1987.

The Workers Party, with a more radical position and almost lacking in electoral support, would be willing to join with the FREPU, but to achieve this it would have to engage in internal debate, and this has already produced major withdrawals, as well as reorganizing its relations with the PC and with its former partner, the MAS, which have deteriorated.

The panorama 1987 offers the so-called leftist parties by 1987 is completed with the socialist sector, where among the various larger and smaller groups into which the old party founded by Juan B. Justo is divided, one appears to

have a real electoral potential. It is the Popular Socialist Party, led by Guillermo Estevez Boero, who is currently a member of the Council for the Consolidation of Democracy.

Estevez Boero won more than 120,000 votes in Santa Fe, his native province, in 1985, but he did not succeed in winning a seat in the Chamber of Deputies. There is speculation that he will become a candidate again, although it is not yet clear if he will do this with the backing of Socialist Unity (the coalition of his party and the Democratic Socialists) again, or outside the party, in one of the first slots on the Radical Civic Union slates.

5157

CSO:3348/176

ARGENTINA

BRIEFS

FISHING VESSELS TO MOROCCO—La Plata, 12 Dec (DYN)—A commercial transaction was concluded today whereby Argentina will build 10 ocean-fishing vessels for a Moroccan company. Officials from AFNE [State Shipyards and Naval Factories] today agreed to build 10 ocean-going freezer vessels for the company Societe D'Armement et Peche Navia [sic], which is established in Morocco. The vessels, which will be equipped with the latest technical advances, will be built at the AFNE facilities in Ensenada, reported the company's president, Jorge Pietranera, who indicated that "the contract will enable us to broaden our production lines and actively penetrate the international market." [Text] [Buenos Aires DYN in Spanish 1157 GMT 12 Dec 86] 8743

OIL DISCOVERY—Mendoza, 20 Nov (TELAM)—The local office of Government Oil Deposits (YPF), has reported that an oil well has been discovered in the area next to the Diamante River in the department of San Rafael (250 kilometers south of this capital); great importance is being attached to the well because of its location. The new flowing well, identified as VG X-2, is 2,650 meters above sea level; because of the climate and topography, drilling and development there are among the most complex in the region. [Text] [Buenos Aires TELAM in Spanish 0829 GMT 20 Nov 86] 8743

CSO: 3348/153

EXPORTS TO U.S. CONTINUE FALL, CBI RESULTS 'DISAPPOINTING'

Bridgetown BARBADOS ADVOCATE in English 13 Jan 87 p 1

[Text]

Initial estimates for last year indicate that Barbados' exports to the United States declined by almost 14 per cent, the third straight year that there has been a decline in domestic exports to that market.

A study has also shown that the impact of the first three years of the Caribbean Basin Initiative (CBI) on Barbados has been disappointing.

"For each of the last three years, Barbados has recorded a drop in its domestic exports to the United States while its major export sectors including agriculture (sugar), rum, clothing and electronic components are still in a faltering state," according to the Government study.

Bigger drop

"Domestic exports for 1984 (\$204.8 million) were 12 per cent lower than those for 1983 (\$234 million), while those for 1985 (\$122.9 million) were 40 per cent lower than the previous year's," it stated.

The study went on to say that projections for 1986 of \$106 million showed that the fall in exports would be about 14 per cent.

On average, this represents a 22 per cent annual decline in exports over the three-year period, and it is

almost certain that this will be brought up in discussions between Government and the American Congressional delegation due in Barbados tomorrow.

The delegation which is visiting some of the designated Caribbean Basin countries is coming to review the CBI which has been criticised as having contributed little towards the promotion of economic revitalisation of Caribbean countries.

The report from the study has stated that the results of the analysis of Barbados' trade performance as well as the composition of its exports to the US under the CBI have confirmed the popular view that Barbados has not really benefited from the CBI.

The report said: "For, since the introduction of CBI in 1984, Barbados' export trade to the US has been steadily falling.

"Even the marked increase in exports of electronic components during the first two years of CBI has failed to arrest this downward trend."

In fact, had it not been for the boom in the computer market, the volume of Barbados' exports to the U.S. would have been smaller, according to the study.

During the period under review, the volume of exports of electronic components to the US and Puerto Rico increased.

But the report noted that the

electronic components were mainly the exports of already existing US enclave industries operating in Barbados for a captive market in the United States. "And with or without CBI, exports were destined to increase as long as the computer boom had prevailed in the United States," it said.

Grim prospects

The report added: "Now that that boom has gone and even though CBI still exists, Barbados' exports of this item to the US have fallen significantly, in addition, the prospects for 1987 and beyond are very grim."

The CBI's success was predicated on an increased flow of US foreign investment into beneficiary countries, especially those of the English-speaking Caribbean. But the last-minute exclusion of the investment package from the Act radically altered the entire programme, and threw the onus on the manufacturer-exporter in the beneficiary country to make the CBI work.

The report added: "Given the nature and level of manufacturing activity in Barbados, this task was made even more difficult when garments were excluded from the programme, while sugar was made subject to the whims of US domestic producers."

/9274

CSO: 3298/117

LPG PLANT MOVING AHEAD WITH HELP FROM CANADA

Bridgetown BARBADOS ADVOCATE in English 10 Jan 87 p 1

[Text] The long mooted liquified petroleum gas plant should begin operations in Barbados in September this year.

Minister of Finance Dr Richie Haynes said yesterday that Cabinet had taken the decision about a week ago to build the plant with assistance from Canada.

Work is expected to begin shortly and the date for completion has been set for either late August or in September.

The plant will produce about 25,000 barrels of liquified petroleum gas annually and this will slash, by just over a quarter, the volume of LPG imported annually. Barbados currently imports about 95,000 barrels annually from sources which include Trinidad and Tobago and Curacao.

"It will permit many more Barbadians to benefit from the exploitation of our gas resources," Dr Haynes said shortly after signing, a Can\$5 million agreement with Canadian High Commissioner Mr Noble Power.

The Can\$5 million agreement is for a natural gas pipeline project.

The money will be used to finance the supply and construction of a seven-mile pipeline from the Woodbourne Oilfield, St Philip, to the National Petroleum Corporation's metering station at the Belle, and for the installation of three natural gas compressors.

Comprehensive Training

A major distribution line will also be constructed to supply the Barbados Light and Power Company at Lears, St Michael. In addition the project will provide comprehensive training and technical assistance in pipeline construction, management, safety and maintenance, including the use of x-ray technology for weld testing.

"Completion of this project, which is associated with a Canadian-built liquified petroleum gas plant to be constructed concurrently, will give Barbados a complete and full modern compression and transmission system to meet growing demand on the island," Mr Power said.

Dr Haynes said that the assistance was further testimony of Canada's commitment to the improvement of the local oil sector and to Barbados in general.

"I am well aware of the very important contribution that Canada, and Petro Canada in particular, have made to the exploration and development of oil and natural gas in Barbados," Dr Haynes said.

"It is my wish and that of the Government and people of Barbados that this relationship should continue and be expanded and strengthened in the future," he added.

Canadian assistance to the petroleum sector in Barbados has amounted to over \$20 million either through grants, loans or technical assistance since 1983.

/9274

CSO: 3298/117

BARBADOS

BRIEFS

ENVOY IN CARIBBEAN--Roseau, 16 Jan (CANA)—New Barbados high commissioner to Dominica and the Eastern Caribbean, Frank Da Silva, today presented his credentials to President Sir Clarence Seignoret. Da Silva also met with Prime Minister Eugenia Charles and held discussions with Trade Minister Charles Maynard and Culture Minister Heskeith Alexander. Dominica and Barbados entered into formal diplomatic relations in August 1982. [Text] [Bridgetown CANA in English 1947 GMT 16 Jan 87 FL] /9274

CSO: 3298/117

INCREASE IN DOLLAR DEPOSITS SHOWS RETURN OF PUBLIC CONFIDENCE

La Paz PRESENCIA in Spanish 20 Dec 86 p 1

[Text] During 1986, private banks attracted \$77 million in savings accounts denominated in foreign currency, according to an announcement by the deputy chairman of the Association of National Banks (ASOBAN), David Blanco.

In national currency, savers deposited the equivalent of \$101 million with the country's private banks, according to the banker.

Totals savings in national currency and in dollars totaled \$178 million.

The private banks also received \$50 million in the form of refinancing credits distributed by the Central Bank of Bolivia for development loan programs.

Blanco explained that Bolivian private banks handled funds totaling \$278 million in 1986.

Funds in private banks increased in comparison with 1985, but the total was down in comparison with 1980.

In 1985, the private banks recorded a total of \$60 million in their checking and savings accounts, whereas the total handled in 1980 came to \$1 billion.

According to Fernando Bedoya, chairman of ASOBAN, that drop in funds has serious consequences as far as the private banks are concerned.

He said the decline from the volume of funds being handled by the banks a scant 7 years ago has placed a heavy burden on the administrative costs of those banks and on the financial cost of savings by the public.

He pointed out that active interest rates are high as a result of this situation.

The ministers in the economic area say that those interest rates are "speculative."

Return of Capital

Executives in the private banking sector emphasized that the increase in funds being recorded by the banks in comparison with 1985 is "a good sign that people have begun to trust the nation's private financial system."

They added that the "confidence which the population has begun to demonstrate" is being accompanied by "the return of capital which had fled abroad."

According to official data, about \$2 billion has fled the country since 1974, resulting in serious economic harm to Bolivia, which has seen its foreign debt increased with loans that have wound up in bank accounts in Switzerland and Miami rather than going to development projects.

The country experienced its most critical period during the last 5 years of the 1970's, when the flight of capital reached levels incomparably higher than those attained in other years, according to official reports by the Central Bank.

11798

CSO: 3348/161

ENERGY MINISTER NOTES SECTOR'S ACHIEVEMENTS IN 1986

La Paz PRESENCIA in Spanish 28 Dec 86 p 9

[Text] An increase in petroleum production by Bolivian Government Oil Deposits [YPFB] and a solution to the problems affecting the generation of electric energy in three of the country's departmental capitals were noted by the minister of energy and hydrocarbons as reasons for regarding 1986 as a year of favorable management in the energy sector.

Carlos Morales also said that "the state-owned petroleum firm was again able to obtain international loans, and that assured it of external funds for carrying out important petroleum exploitation projects. In turn, those projects made it possible to check the decline in oil production levels, exceed the low levels reached at the start of the year, and increase the reserves slightly."

He added that during 1986, the YPBF had used funds advanced by international organizations and friendly governments. "That financing made it possible to begin construction work on the gas pipeline to the high plateau and set up six liquefied gas bottling plants. And now that \$1 million has been made available by the World Bank, we can begin developing the Vuelta Grande oil field within the next few days."

The minister also regarded as favorable the fact that negotiations have been resumed with Brazil for the possible sale of natural gas to that country. He recalled that production in several fields is associated with natural gas and that this shows the need to have reliable consumer markets.

Concerning the sale of natural gas to Argentina, Carlos Morales said: "A suitable price was obtained, meaning that funds necessary to our economy will be generated through the end of the management period."

He said: "Despite the YPBF's limited budget, its work was efficient in 1986 thanks to the reorganization and decentralization of its management."

Electricity Sector

Concerning the electricity sector, the minister said that in 1986, "it was possible to continue electrification work in remote areas, and the process of awarding contracts for the project for interconnecting the western and eastern grids is underway. This will make it possible to expand the market, which, as a result of the national crisis in mining, has been reduced by 50 percent."

LA GAIBA'S ILLEGAL EXPLOITATION REINVESTIGATED

La Paz PRESENCIA in Spanish 10 Dec 86 p 8

[Text] The illegal exploitation of semiprecious stones in the La Gaiba zone by foreign citizens has been known about for several years, but granting a concession to COFADENA [Armed Forces National Development Corporation] and CORDECRUZ to exploit those deposits will put an end to that depredation, according to a statement yesterday by the minister of mining and metallurgy, Jaime Villalobos.

The state dignitary has met with the president of the republic to formulate the supreme decree that will give a company jointly owned by COFADENA and CORDECRUZ the right to exploit the semiprecious stones in La Gaiba and the adjoining zones.

According to Villalobos, no foreigners have been authorized to exploit La Gaiba's resources, but it has been known for several years that they are doing so and that even "very high officials in previous governments" have been involved.

When asked what the government is doing to stop that activity, he said: "It is a matter of putting an end to it by means of a plan, whose technical details have been worked out, for prospecting, exploration, and marketing in connection with those stones. This will be rounded out with a lapidary industry, and both will be under the control of state-owned bodies."

Civic and political leaders in Santa Cruz have reported the illegal exploitation of semiprecious stones, chiefly by Paraguayan subjects, on several occasions.

Carlos Valverde Barbary, an independent politician who was once a member of the FSB [Bolivian Socialist Falange], even accused members of the Armed Forces of involvement in that activity.

Those reports led the Mining Committee of the Chamber of Deputies and members of the Bolivian Air Force to conduct an aerial inspection of the zone, where they were unable to land because the landing strip was in abominable condition.

Deputy Edgar Barrientos, a member of the committee, requested intervention by the Armed Forces to prevent the reported activities.

Recent reports in the local press stated that the illegal exploitation in La Gaiba was continuing in the presence of uniformed individuals, but it was not specified whether those individuals were members of the Armed Forces.

11798

CSO: 3348/161

BRIEFS

NEW TOWN BUILDS AIRPORT--The town of Nueva Esperanza--a gold mining center on the banks of the Madera River in the Department of Pando--is celebrating the first anniversary of its founding today. This new town, with a population of approximately 350, is located in the Las Araras zone. It is forging its development and progress thanks to resolute support by Armed Forces Civic Action, which is currently building a landing strip, a health station, and a school with the cooperation of CONES. Nueva Esperanza is located in the General Federico Roman Province of the Department of Pando, and it currently relies on the Canton of Rio Negro for its infrastructure, according to Hernan Medeiros, chairman of the Gold Mining Cooperative. Medeiros said: "Support by government authorities in crystallizing this project, which is being spurred on by Julio Garrett A., constitutional vice president of the republic, is vitally important to our success in establishing a physical presence in this area bordering on the Republic of Brazil." During a visit to EL DIARIO's offices, the industrialist said that a group would leave today from Cobija, the capital of the Department of Pando, to go to Nueva Esperanza. There it will hold a civic ceremony in tribute to the founding of the town known as Nueva Esperanza. "Besides gold mining, this is a very good area for the cultivation of coffee and cacao, and it also offers good prospects for rubber production." The landing strip will be suitable for Arava aircraft and will be completed by the middle of next month, as will the school, which will have a capacity of 70 children, according to authorities at Armed Forces Civic Action. [Text] [La Paz EL DIARIO in Spanish 7 Dec 86 p 4] 11798

ROAD PROJECTS--"Within the limits imposed by the current economic crisis and as part of the government's economic recovery policy, the Ministry of Transport and Communications has scheduled a series of road projects for 1987. Some will be completed, and others will be started." This was announced by engineer Andres Petricevic at a meeting with the Bolivian Chamber of Construction. The following were mentioned as being included among those projects: 1) completion of the Bella Vista-Quiquibey road and its branches in the Department of La Paz; 2) completion of work on the Yucumo-Rurrenabaque road and its branches; 3) the scheduling of further work on the feeder road from Santa Rosa to Riberalta in the Department of Beni (approximately 70 km), thus completing the connection between Riberalta and La Paz over the route traveled by the enterprising group that reached La Paz; 4) completion of the Sucre-Yotala highway in the Department of Chuquisaca; 5) completion of the

Chimore-Yapacani highway (currently 50-percent complete); 6) completion of the paving of the final 10-kilometer stretch between La Paz and Cotapata, which the American firm of S.J. Groves failed to complete on the grounds that a geological fault in the area made it impossible to finish the job; and 7) a start on paving the Santa Cruz-Trinidad route. [Text] [La Paz PRESENCIA in Spanish 28 Dec 86 p 9] 11798

CSO: 3348/161

BRAZIL

POLL SHOWS DIVERGENT VIEWS ON CONSTITUENT ASSEMBLY ISSUES

Brasilia CORREIO BRAZILJENSE in Portuguese 8 Dec 86 p 2

[Text] The fragile Democratic Alliance is going to founder in the discussion of such issues as the presidential mandate, cabinet reform, the declaration of a moratorium as a solution to the country's foreign debt, the expansion of the reserved market--today limited to the computer area--to other sectors and the nomination of the president of the Constituent Assembly to the vice presidency of the republic. There are ideas approved by the PMDB [Brazilian Democratic Movement Party] and opposed by the PFL [Liberal Front Party, according to a survey conducted by CORREIO among legislators who were in Brasilia this week.

PMDB and PFL members were not the only ones polled, however. Some 60 legislators were interviewed, from the most varied quarters, in a study which will help to draw a profile of the National Constituent Assembly. Judging by the disagreements, it is difficult to tell whether it will be conservative or progressive. It could, for example, come to support a moratorium, but it will certainly defend private enterprise, condemning nationalization. It will give full backing to agrarian reform and to the reserved market for computer ware and it will seek to prevent its president from serving as Sarney's vice president.

Moratorium

Half the constituent members interviewed--50.84 percent--favor a moratorium on the foreign debt. The other half is divided between opponents (25.42 percent) and congressmen who take no position, asking what type of moratorium is proposed, or who prefer negotiation as the solution to the foreign debt problem.

The government parties--PMDB and PFL--hold different opinions on this matter. Whereas 66.66 percent of the PMDB constituents who took part in the survey favor moratorium, 6.53 of the PFL constituents oppose it. It was the largest disapproval rate recorded, followed closely by the PDS [Social Democratic Party] disapproval rate of 60 percent.

Cabinet Reform

The Constituent Assembly members do not greatly concern themselves whether ministerial reform is or is not a problem for the president to resolve. Of those interviewed, 66.09 percent believed the president had the right to decide whether or not to maintain the cabinet and no less than 44.06 percent wanted to change the ministers.

Oddly enough, although the change would favor the PMDB, the party that swept the last elections from top to bottom, 12.12 percent of the PMDB members are still against any cabinet changes and 30.30 percent take no position or would leave it to Sarney to do as he thinks best.

Computer Ware

According to the CORREIO survey, the Constituent Assembly is not going to relinquish the reserved market for computer ware and might even extend the protectionist measure to other areas; 86.44 percent are in favor of maintaining the reserve and only 8.47 percent are opposed, with 5.08 percent taking other positions. As for broadening the measure, 49.15 percent approve, 27.11 percent disapprove and 28.81 percent of the legislators did not take one side or the other.

In the specific case of computer ware, only 3.03 percent of the PMDB members polled were opposed to the reserved market. The other 96.96 percent favored it and no one was undecided in this regard. On the PFL side of the Democratic Alliance, 15.38 percent did not like the reserved market, but 76.92 percent approved.

Democratic Alliance

Both the PMDB and the PFL want the Democratic Alliance to survive. The PMDB, which filled the ballot boxes to overflowing in November, wants it less, certainly, but it still wants it very much. No less than 54.54 percent of the PMDB members polled favor the Alliance and 30.30 percent are opposed. Of the PFL members, only 7.89 percent are opposed and 69.23 percent favor the Alliance.

For the PT [Workers Party], the PCB [Brazilian Communist Party] and the PL [Liberal Party], it is not an issue. The PTB [Brazilian Labor Party] is divided between yes and no and the PDT [Democratic Workers' Party] is divided between those who oppose the Alliance and those to whom it is unimportant. The opposition to the Alliance is in the PDS; 40 percent disapprove and 20 percent approve.

Accumulating Posts

The president of the National Constituent Assembly should not serve as vice president of the republic, in the opinion of 59.32 percent of the constituent members polled by CORREIO. The PMDB was evenly divided between pros and contras and the PFL, with less chance of presiding over the Constituent Assembly, had no doubts; only 7.69 percent of the PFL legislators voiced approval.

Among the other parties participating in the survey, the PDS, PTB, PCP and PL were opposed. The PT was divided in the same way as the PMDB and the PDT was divided among those who opposed and those who had no opinion.

According to a PDS deputy, to turn the vice presidency of the republic over to the president of the Constituent Assembly would be a "shady deal."

Agrarian Reform

Agrarian reform received record approval in the survey of constituent members: 93.22 percent, with only 5.08 percent opposed. It was among the PMDB members that some disapproval surfaced, perhaps even because they want a more skillful handling of agrarian reform than the government has shown or they feel that a parallel settlement program is in order.

In any event, 93.93 of the PMDB members favor agrarian reform. The rate falls to 92.30 percent among PFL members and reaches its lowest percentage among PDS members: 8 percent. The other parties entirely approve.

Privatization

The Constituent Assembly will definitely not be leftist. If the profile drawn at the polls already permitted this conclusion, the CORREIA survey confirms it, demonstrating that 57.62 percent favor privatization and 52.54 percent oppose nationalization of new sectors. The PTB (100 percent), the PFL (84.61 percent) and the PDS (80 percent) support private enterprise most strongly.

Nationalization is defended by the PCB, PT and PDT, certainly. In the PMDB, 48.48 percent favor privatization and 24.24 percent did not voice a position. This would indicate that the party is losing, if it has not already lost, its leftist character, possibly because of alliances such as those which reached out to Nelson Gibson, in Pernambuco, and Prisco Viana, in Bahia.

Cruzado II

Approval of the Cruzado Plan was exceeded only by approval of agrarian reform: 91.52 percent of the constituent members favor the Cruzado Plan. On the other hand, the package which came later, called Cruzado II, had a 50.84-percent disapproval rate, the same percentage registered for those who do not want changes in the inflation rate.

The government parties--PMDB and PFL--were not modest in their assessment of the Cruzado Plan; they approved it 100 percent. However, the PFL members did not like the reform of the program (61.53 percent), whereas the PMDB members were less opposed to the measures: 33.33 percent.

Some 80 percent of the PDS approved of the Cruzado Plan and 20 percent approved of Cruzado II. The PTB and PCB approval rates were 100 percent and 0.0 percent, respectively; the PDT and PT both showed a zero approval rate.

Regarding the price freeze, if it were up to the government parties, it would be maintained after February 1987. In the PMDB, 72.72 percent approved; in the PFL, 69.23 percent approved. The PT and PTB were 100 percent in favor of maintaining the freeze; the PCB neither approved nor disapproved; the PDS approved, with 20 percent withholding their approval; the PDT stood 50 percent in favor and 50 percent undecided.

Table: Results of CORREIO BRAZILIENSE Poll of 60 Congressmen

<u>Topics</u>	<u>For</u>	<u>Against</u>	<u>Comment</u>
Foreign debt moratorium	50.84	25.42	23.72
Cabinet Reform	44.06	22.03	33.89
Reserved market for computer ware	86.44	8.47	5.08
Extension of reserve to other areas	49.15	27.11	28.81
Continuation of the Democratic Alliance	49.15	28.81	22.03
President of the Constituent Assembly as vice president of the republic	28.81	59.32	11.86
Agrarian Reform	93.22	5.08	1.69
Privatization program	57.62	25.42	16.94
Nationalization of new sectors	28.81	59.32	11.86
Cruzado Plan	91.53	8.47	00.00
"Cruzado II" package	38.98	50.84	10.16
Change of inflation rate	33.89	50.84	15.54
Price freeze after February 1987	72.88	15.25	11.86
6-year presidential term	20.33		16.94
5-year term	16.94		16.94
4-year term	45.76		16.94

[Box, p 2]

Transcending Party Lines

Taking advantage of the concentrated effort of the Congress in its last week in session, a team of three political reporters from CORREIO BRAZILIENSE surveyed 60 reelected congressmen who will participate, starting in February 1987, in the National Constituent Assembly. With the promise that their names would not be divulged, deputies and senators from the PMDB, PFL, PCB, PL, PTB, PDS, PT and PDT responded to 14 questions covering economic, political and social issues. The survey results show that some topics, such as agrarian reform, the privatization program, the reserved market for computer ware, the continuation of the Democratic Alliance and the maintenance of the price freeze are items on which an absolute majority of the congressmen are agreed in their approval. Nonetheless, the survey also indicates that, on several issues, differing interests surface, making it clear that [the search for] the solutions to these problems will bring constituents of various parties, often with radically opposing ideologies, together, transcending party lines.

Presidential Mandate

The presidential mandate should be cut by 2 years, the CORREIO survey indicates. Of the 60 assembly members polled, 45.76 percent favor a 4-year term, 20.33 percent favor a 6-year term and 16.94 percent a 5-year term. The remaining 16.84 percent had no opinion.

Among the parties on the Left, the PT and PDT wanted a 4-year term and the PCB did not voice an opinion. On the Right, the PTB was divided between a 4-year

term and a 6-year term and the PDS was divided between a 4-year and a 5-year term, with only 20 percent opting for a 6-year mandate.

In the PMDB, 57.57 percent favor a 4-year term, 12.12 percent favor a 5-year term and a like percentage favor a 6-year term, with 18.18 percent abstaining. The PFL members prefer a 6-year term (46.16 percent), with 23.07 percent favoring a 5-year term and 7.06 percent favoring a 4-year mandate; 23.07 percent [sic] were undecided.

6362

CS0: 3342/58

BRAZIL

DOCUMENT OF SAO PAULO BUSINESS LEADERS SCORES CRUZADO PLAN

Rio de Janeiro O GLOBO in Portuguese 9 Jan 87 p 21

[Text] Sao Paulo--"The Brazilian economy is being gradually disrupted by a perverse process in which the normal market mechanisms are overturned, causing economic marginalization and an unspoken inflation which only encourage speculation and concealment." This is one of the passages in the crushing document signed by the directors of seven Sao Paulo business groups and delivered last Tuesday to President Sarney, containing harsh criticism of the Cruzado Plan.

"We have to accept the fact that it is foolhardy to attempt to maintain an economic stabilization program based on an unsupportable mystique, such as the price freeze," the businessmen advised the president of the republic.

Admitting that "the productive sector supported the Cruzado Plan and at no time, before now, has withdrawn this support," the document warns that the "price imbalance generated by the freeze, partially corrected by the tabling and by the announced readjustment, is causing the strangulation of several sectors, jeopardizing the productive process as a whole." At another point, it states that efficiency has been reduced in the productive sector, "with imminent risk of market shortages of materials, products and services."

In the item referring to the public sector, the text drafted by the business leaders emphasizes that "instead of effective action to reduce public expenditures and a deficit incompatible with our savings capacity, we have a series of palliative measures. The announced administrative reform is timid in its impact on expenditures. In the administration of fiscal policy, once again the option has been to increase taxes, the real objective of which is to transfer the resources of private enterprise to the state treasury in an attempt to cover the debits and to defray the deficit."

The document also contains a lengthy and detailed criticism of an agreement with foreign creditors "which has discouraged the entry of new capital, including both the indispensable risk investments and the less desirable loans." It adds: "Contributing to this discouragement are the irrational discussions regarding moratorium, more radical positions in the negotiation of the debt service, market reserves and the disturbing differences in posture evidenced by the government members themselves."

The interest rate policy is also taken up and is described as paradoxical: "It penalizes the debt assumer; i.e. the productive sector, which is short of

floating capital and resources for investment, but it does not encourage saving, since the government keeps three-fourths of the real interest rate, a barren appropriation because it goes to cover unproductive expenditures."

Regarding agriculture, the document states: "There is a striking tendency to destructure agricultural production, since export crops are always privileged, whereas the price floors for products for the domestic market are out of phase, with the increasing inflation of costs which are not controlled by the IPP (Minimum Price Index), paid by the farmer. Given the weight of foodstuffs in the restricted IPC [Consumer Price Index], the freeze on the basic market basket is clearly incompatible with the growth of the agricultural offering.

In its last item, the document states that "since the promulgation of the Cruzado Plan, we have suffered from the attempt to distort the image of the businessmen and subject them to public approbrium, blaming them for errors and confusion which are not their responsibility. Blame is arbitrarily placed on the middleman, when the root of the problem lies in the unrealistic freeze, in light of production costs and the imbalance of supply and demand in the various markets. This attempted ruse, in addition to being unfair, is prejudicial to the country. There is no process [sic] or political freedom without a strong economy, in which productive activity is duly encouraged. Nor will we arrive at the social pact proposed by Your Excellency by such an embitterment of spirits, which foments the class struggle."

The document, which was sent by Telex to President Sarney, is signed by: Mario Amato, president of the FIESP [Sao Paulo State Federation of Industries]; Abram Szajman, president of the Sao Paulo State Federation of Commerce; Fabio Salles Meirelles, president of the Sao Paulo State Federation of Agriculture; Guilherme Afif Domingos, president of the Sao Paulo Trade Association; Paulo de Queiroz, president of the Sao Paulo State Association of Banks; Flavio Telles de Menezes, president of the Brazilian Rural Association; and Eduardo Alfredo Levy Junior, president of the Sao Paulo Securities Exchange.

6362

CS0: 3342/58

MOST PROMINENT FIRMS COMPRISING DEFENSE INDUSTRY SURVEYED

Bonn **TECNOLOGIA MILITAR** in Spanish No 12 1986 pp 30-53

[Article by Klaus Wolff-Casado Revuelta: "The Brazilian Defense Industry: Partner or Competitor for the Western Defense Industries?"]

[Text] Brazil has proven to be a peaceful nation, and possibly the most stable in Latin America since 1870, when the Brazilian Armed Forces, joining with Argentina and Uruguay, conquered Paraguay. Its decision to participate in the two World Wars with the allied forces, against Germany, was prompted by the considerable damage to its merchant fleet. Once industrial development had begun, with major investments, both national and foreign, the oil crisis and the great dependence on imports of this basic resource contributed to the large foreign debt. Moreover, the state industries had enormous deficits.

These factors led to the nationalization and privatization of Brazilian industry, in order to increasingly free the country's industry from foreign control, as well as an enormous infrastructure and development plan that were only contributing to the foreign debt. Many of these projects, which have already consumed considerable capital, have yet to retrieve part of their costs.

The development of the Brazilian defense industry during the past 15 years has been a frequent topic of conversation among both national and international economists and politicians. It would now appear that this sector is the first to contribute considerably to the reduction in Brazil's foreign debt.

Industrial Development

During the postwar period, Brazil's exports were monopolized by agricultural and livestock products, such as coffee, sugar, and cacao; and the value of this trade could only be described as modest. In 1965, the total exports (80 percent agricultural products) did not exceed \$1.5 billion.

With the creation of the Federal Republic of Brazil in 1969 (it had previously been a presidential republic), the government acknowledged the urgent need

for improving its economic balance, upset by the oil crisis and its large debts to the oil producers.

At the beginning of the 1970's, Brazil established a practical, independent, foreign policy, starting with an aggressive promotion of exports to the Middle East, Africa, and Asia. It concentrated primarily on the active marketing of products in Saudi Arabia, Iraq, and Nigeria, in order to reduce the existing deficits.

The first results of these changes in the foreign economic policy became evident in 1979, when exports of Brazilian-manufactured products exceeded the agricultural ones for the first time, with total exports amounting to about \$15 billion. In 1984, Brazil attained the highest level of exports in the entire history of the country: \$27 billion; while simultaneously reducing imports, which declined by 10.7 percent (a total of \$13.9 billion). And although the balance of payments in 1985 showed a surplus of \$14 million, its deficit (considering the international loans) in 1984 totaled \$798 million (in 1983: \$5.970 billion).

The country's industrial capacity unquestionably has its origin in the establishment of the automotive industry. The large growth in the population, from 93.138 million in 1970 to 132.58 million in 1984, created an increasing national need for consumer products.

Sao Paulo was selected as a leading industrial center. One of the decisive reasons for the choice of this city was the fact that it had abundant hydro-electric power sources. In this way, the groundwork was laid for the development of heavy industry.

Furthermore, most of the population (persons under age 30) was receiving an excellent education in this city's university and advanced technical schools. Specialists from Sao Paulo University's technological research institute (Institute of Technological Research of the University of Sao Paulo) created and improved the first Brazilian computer, currently produced on an industrial scale.

Birth of the Defense Industry

The need to modernize its own Armed Forces and the restrictions imposed by the United States on the transfer of weapons (cancelling the previous agreement) coincided exactly with the beginning of the reduction of that dependence on foreign sources. The engineers coming from Sao Paulo University, the Military Engineering Institute, and the Technical Aeronautical Institute were anxious to prove their ability. The well developed and diversified industrial base was already established, and the country's natural resources placed no limits on the subsequent development of Brazilian industry.

One of the first companies in the defense field, founded in 1969 in the context of this ambitious new program of the Brazilian Government, was the Brazilian Aeronautics Company, Inc (EMBRAER), a key factor in the development of a

national aeronautical industry. It was quickly followed by other major establishments. Only 6 years later, in 1975, the Brazilian Government decided to establish the state consortium, Brazilian Ordnance Industry (IMBEL), for the purpose of coordinating the activities of the leading factories, both military and private, engaged in the production of military equipment. IMBEL was the first official organization created to direct the industries' policy in the private defense sector and, simultaneously, to back their competitive worth on the international market, as well as bolstering their development. IMBEL was also supporting private industry with the transfer of technologies coming from abroad.

From the outset, the Brazilian Government avoided national competition among the factories engaged in a newly created field. At present, there are companies with a solid foundation, which have started with the modernization of the Brazilian Armed Forces' equipment. The initiatives of the industry, beginning at the very outset with research and development financed by the companies themselves, had complete backing from the government which, in turn, was exercising stringent control. Any sale of arms abroad submitted to the National Security Council for approval had to be geared to diplomatic and political considerations, such as the following, for example:

Any negotiation for arms exports must be handled on an inter-governmental level;

Sales of defense materiel to countries that might possibly be soon involved in a war or, based on the mere fact of having that materiel, might give grounds for hostilities, will not be considered;

Exports to nations with unstable governments are not allowed;

No type of defense materiel may be provided to guerrilla or subversive groups.

Analyzing the clients that Brazil has had in the past, it is not so easy to determine the extent to which the Brazilian Government itself, or its National Security Council, has complied with these regulatory measures.

While the defense industry devoted to equipment and materiel for the Army and Air Force has developed rapidly over the past 15 years, the progress in the area of ship construction has progressed mainly by way of the construction of merchant vessels. In this area, the state shipyard, Rio de Janeiro Navy Yard (AMRJ), has been responsible for virtually all the Brazilian Navy programs, with the exception of a few individual contracts granted to Ishikawajima of Brazil Shipyards, Inc (ISHIBRAS) and MacLaren Shipyards and Maritime Services, Inc.

In order to give a certain amount of impetus to the Brazilian ship construction industry, on the one hand, and to finance the extensive program, on the other, the Brazilian Navy has just contracted the existing shipyards, which up until now had been devoting their productive capacity solely to the construction

of merchant vessels. Brazil's naval industry, the largest in all of Latin America, ranking 19th worldwide for its merchant fleet, supplied 15 ships in 1985 (16 in 1984), with a total volume of 772,814 gross displacement tons (595,400 in 1984). This merchant fleet consists of 415 ships, and had a total volume of 5,594,000 tons as of 1 January 1985. From these figures one can infer that, since that large number of vessels has been attained for the domestic market, Brazilian shipbuilders will now devote themselves to new markets, so as to make use of their production capacity.

Now that the Brazilian Government has decided to build the next corvettes for its Navy in national shipyards, the naval industry has been integrated into the defense industry, and will be capable of continuing its development.

The Defense Industry in Detail

The Brazilian Government's main goal is to achieve the largest possible proportion of nationally made products, also including components and subcomponents of large systems. Hence, it would be impossible to list in this article the hundreds of producers of parts and components. However, we shall cite below the best known companies in the defense field.

ABC Electronic Systems, Inc

The independent status of Brazil's industry also covers areas with very advanced technology, electronics, for example. One company most recently founded in that area of electronics for defense is ABC Electronic Systems, Inc, which is part of the ABC Arvore Group, founded in December 1983.

The company, with headquarters in Rio de Janeiro, has already begun developing components and electronic systems for the defense industry. It recently procured a contract involving \$10 million to produce flight simulators for the Tucano training plane. The simulator was developed by the Brazilian Center for Aeronautical Technology (CTA).

The Arvore group's activities are focused mainly on the civilian sector. However, ABC Electronic Systems, Inc covers the group's military sector, and is backed by several operational divisions (all legally independent companies), responsible for the various production lines within the electronics field:

ABC Telettra Telecommunications, Inc, which produces frequency division multiplex equipment (FDM: Frequency-Division Multiplex) and pulse code modulation equipment (PCM: Pulse-Code Modulation);

ABC Data Systems, Inc, engaged in producing static modulators/demodulators and multiplexers for data transmission;

ABC Bull, Inc-Telematic, an economic interest group of Honeywell Bull, and an ABC company for production of large computer installations;

ABC Xtal Electronic Components and Materials, Inc, responsible for distribution and manufacture of fiber optics equipment;

ABC Amplimatic, Inc-Satellite Communications, which works on the development and production of parabolic antennas;

ABC Italtel Electronics and Telecommunications, Inc, which produces single-channel radios and satellite receivers.

Aeromot-Aircraft and Motors, Inc, Aeromot Group

With headquarters at the Salgado Filho international airport in Porto Alegre (state of Rio Grande do Sul), Aeromot is one of the many suppliers of components for the national aeronautics industry. The firm designs, develops, and produces special electronic equipment that is installed in both the EMB-312 Tucano and the new tactical pursuit model, AM-X.

But it also offers an independent system that has found several applications in the Air Force: a remote-control target plane.

Amadeo Rossi, Inc-Metallurgy and Ammunition

When Amadeo Rossi, Inc, was established in 1889 as a company, it began with the production of tools and farm machinery. Later, during the 1930's, it decided to embark on the metallurgical and ammunition production line. After another 4 decades, the company began a new era, engaging in export. As of 1979, Amadeo Rossi, Inc, had already exported its products to over 60 countries distributed throughout the world. The firm, which has over 2,600 employees, and is located in Sao Leopoldo (state of Rio Grande do Sul), produces rifles, cannons, pistols, ammunition, machinery, and special tools, and, at the same time, chemical products.

The total weapons produced exceed 5 million, distributed among the 475 different models of individual weapons for hunting and sports, which the company is currently producing in Brazil.

Amazonas Special Motorcycles, Ltd (AME)

Like many other companies, Amazonas was founded as a result of the import restrictions imposed by the Brazilian Government on certain products. Based on an already proven technology, the Volkswagen AG (VW) 1,600 cubic centimeter, 4 cylinder motor, the company began producing a large motorcycle, currently used by the police forces and Armed Forces. The firm, in which 150 employees are currently working, established its factory covering about 3,000 square meters in Santo Andre, in the state of Sao Paulo. The annual sales volume of \$1.8 million includes exports to over 26 countries; and approximately 40 percent comes from the military version of the 1,600 cc AME motorcycle. It is also developing a sidecar for the motorcycle, on which a machine gun could be mounted.

Rio de Janeiro Navy Yard (AMRJ)

As has already been mentioned previously, these state shipyards are the largest in all of Brazil, and the only suppliers (to be sure, with some

exceptions) of the Brazilian Navy. They were founded in December 1763, and soon proved their skill when it was time to provide the national Navy with the necessary support, maintaining their operativeness. Located on Ilha das Cobras, in the vicinity of the Santos Dumont airport, they have a drydock for the construction of ships of up to 75,000 tons, with a length of 250 meters and a beam of 36 meters, supplied with the necessary slips. In addition to the projects related to the Navy, AMRJ is also working on the production and installation of high seas equipment for the national industry.

AMRJ's largest project (excluding the recent modernization program) began shortly before World War II, when the Navy urgently required the modernization of its forces. Since then, the shipyards have built nine destroyers, six corvettes, and many other vessels of the school-ship type, tenders, patrol boats, and other auxiliary units. They also have considerable participation in the modernization program for the Minas Gerais (A-11) light aircraft carrier.

Based on the government policy to increase exports, AMRJ supplied a river patrol boat of the Roraima (Itaipu) class to the Paraguayan Navy in April 1985, which was the first vessel built specifically for export; 90 percent of its components are of national construction. This might represent, precisely, the impetus for the Brazilian naval construction industry to embark on a new era: the export of Brazilian-made warships. While the first corvette of the Inhauma class will be christened at the end of January 1987, the keel of the second ship of that same class has already been installed, and AMRJ is still engaged in another phase of the latest Brazilian Navy program: the construction of three patrol boats of the Porto Esperanca class. The installation of the keel on the first of these vessels took place in February 1985. One of AMRJ's critical steps will be the starting of construction on the German-designed submarines (Ingenieurkontor Lübeck Prof Gabler Nachf. GmbH [IKL]/Howaldtswerke-Deutsche Werft AG [HDW]), of the 209 class (type 1400) in Brazil. In preparation for a program of this scope, Brazilian personnel have already completed design studies in the FRG, organized by the IKL firm, which they ended last year. But the transfer of technology offered by FRG government agencies and companies does not terminate there. At present, the Submarine Inspection and Acceptance Group is in Kiel (state of Schleswig-Holstein), Germany, at the headquarters of the HDW shipyards per se. At the German shipyard, this group is receiving the respective training under the direction of a department established especially for this purpose in 1982. A total of 15 HDW engineers and technicians, depending on the stipulations in the contract, are training on board personnel, future instructors, and maintenance personnel, as well as personnel from the Brazilian yard and shipyards. The training of the yard and shipyard personnel includes the special fields pertaining to naval construction engineers and technicians, production planning engineers and technicians, and electrical and electronic engineers and technicians. Upon the conclusion of the necessary work on the shipyard infrastructure in Brazil and the termination of the specialists' training program in the FRG, the installation of the keel on the first Brazilian submarine could take place in 1988. TECNOLOGIA MILITARY has learned that the Brazilian firm,

NUCLEP-NUCLEBRAS [Brazilian Nuclear Corporations, Inc] Heavy Equipment, Inc, with headquarters in Itaguaí (state of Rio de Janeiro), which is currently engaged in the production of receptacles for nuclear power plants, might be in charge of the production of sections of the submarines built in Brazil.

AVIBRAS-Aerospace Industry, Inc

As in the case of many other Brazilian companies of the defense sector, AVIBRAS began engaged in activities which had nothing in common with the current ones. Nevertheless, the change made by AVIBRAS, from its first project, the Falcon basic training plane (before the founding of EMBRAER) until it attained the diversified range of products currently being made, was not so drastic; because the company's activities have remained within the area of products associated with aeronautics.

AVIBRAS marked its 25th anniversary at the beginning of this year. Since its founding in 1961, the company has been a Brazilian pioneer in various fields, all related to its activities in the areas of defense, space, chemistry, electronics, and communications.

The Sonda I and Sonda II sounding rockets represented a major contribution to the launching of the Brazilian space program. The meteorological radar, satellite communication antennas, and their associated ground stations have considerably improved the communications system within the country, making the connection with the U.S. Intelsat and the recently launched Brasilsat (Brazilian) possible.

Within the area exclusively associated with defense, the introduction of an entire family of air-to-ground and surface-to-surface systems brought the country into the export market. The Astros II (Artillery Saturation Rocket System) used for short, medium, and long ranges, with a maximum range of 60 kilometers (depending on the type of rocket used) has been the company's best export product to date. At the beginning, AVIBRAS acquired foreign technology to improve the Brazilian Armed Forces' air defense program. For the purpose of developing the FILA (Fighting Intruders at Low Altitude) firing control system, it contacted the Swiss company Contraves AG, to adopt the Skyguard technology.

The main plant of AVIBRAS Aerospace Industry, Inc (AVIBRAS I) is located in São José dos Campos, state of São Paulo. Other company facilities, such as AVIBRAS II and AVIBRAS III, are also situated in the state of São Paulo. The total area occupied by these installations is 13 million square meters. In addition to these factories, the group has three other independent subsidiary companies:

Tectran, Inc (São José dos Campos, São Paulo), devoted to special vehicles for military and civilian applications, as well as transport engineering;

Tectronic, Inc (Cotia, state of São Paulo), responsible for power electronics, control panels, absolute continuity circuits, and electric buses;

Transvip, Inc (Sao Jose dos Campos, Sao Paulo), active in the transportation field for example, airplanes for transporting equipment produced by itself for export) and tourism.

The group's sales volume (national sales) during 1984 was \$130 million. The company has over 4,000 employees.

Bernardini, Inc, Industry and Commerce

The members of the second and third generations of the Bernardini family direct this 100 percent Brazilian private company, founded in 1912, and engaged in the production of security equipment for banks. During World War II, the company entered the military sector, producing hand grenades and repairing components of equipment for naval vessels.

The first major contract received by Bernardini from the Armed Forces was for the modernization (replacement of motors and reconstruction) of Brazilian Army and Marine trucks. After this first program (it modernized over 500 vehicles) had been successfully completed, the Army selected Bernardini to modernize the M-41C light tank. This modernization program will afford the M-41C an operational life of 20 more years. Brazil is also considering the reequipping of the M-41C with a new firing control system. The program began 10 years ago, with the delivery of the first prototype to the Brazilian Army, and a total of 350 tanks of that type will have to be modernized. The delivery of the first 200 tanks occurred at the beginning of this year. Bernardini is currently planning to offer its experience in the modernization of that vehicle to other foreign nations, providing modernization kits for exports.

In cooperation with the Army Technological Center (CETEX), Barnardini's research and development department devised and produced the prototype of a new 30 tontank, the MB-3 Tamoyo. The program was financed by the government and carried out based on the requirements of the Brazilian Army. This was the first project of the company for the development of new equipment. Another recent development has been the all-terrain light cars (CLTT), the $\frac{1}{4}$ and $\frac{1}{2}$ ton BT 25 and BT 50; 19 of the former have already been delivered to the Marines (known as Fuzileiros Navais), and others have been turned over to the Air Force and the Army for evaluation.

At present, Bernardini is considering the development of a complete Tamoyo family, which would consist of a vehicle for bridge laying, recovery, and sappers, as well as an antiaircraft version.

The successful development of the company during the past 20 years has made it possible to purchase a new factory located in Cotia, state of Sao Paulo. The total number of employees is 1,200, a figure including 80 engineers, 50 of whom are working in the research and development department. At the present time, 20 percent of its total sales volume is due to exports. The proportion of civilian products (security equipment) is still 7 percent.

Britanite, Chemical Industries, Inc

The fact that the Ministry of Defense's control over the military equipment producing industry is fully exercised so that (at least for the present) there will be no great competition on the domestic market is proven by Britanite's range of products. The company, which has its headquarters in Quatro Barras (state of Parana), is engaged primarily in the production of training equipment, for example, practice ammunition for mortars, cannons, and missile-launchers.

In addition, it supplies antitank and antipersonnel training mines.

Brazilian Cartridge Company, CBC

Founded in 1926 as the National Cartridge and Ammunition Factory, by two enthusiastic sportsmen who decided to produce their own ammunition in Brazil, the small factory was mobilized by the Sao Paulo revolutionary command which revolted against Brazil's central government in 1932. Three years later, in 1936, the Remington Arms Company and Imperial Chemical Industries (ICI) assumed control of the factory, changing its name to the present one: Brazilian Cartridge Company. After a second mobilization of the company during World War II, the main activities were concentrated on the production of military ammunition. And at approximately that same time, CBC began developing its own technology.

Although there are other ammunition producers in Brazil, CBC has no national competitor, thanks to the government policy. CBC is the only company in Brazil producing ammunition of up to 30 millimeters. The introduction of the process for producing non-corrosive and non-mercurial cartridges and compositions comprised two of the most important steps in the company's development before the change in owners again in 1980, when it became a completely Brazilian firm, with 70 percent private capital and 30 percent owned by the state company IMBEL [Brazilian Ordnance Industry]. During the past 20 years, they have been working actively on ammunition research and development; and, 15 years ago, CBC embarked on the production of gunpowder, making use of its own technology. The production began at the end of last year, once the modern CBC gunpowder production plan was completed. One of the firm's latest developments is its 50 millimeter hard core perforating ammunition.

CBC's old facilities, in the Santo Andre district of Sao Paulo, have a plant for arms production (individual weapons, sports shotguns, and compressed air shotguns for the civilian market); a subdivision for miscellaneous products (metal plates, special parts for the automotive industry, heavy caliber ammunition components); and a production plant for ammunition components. The new CBC plant, located in Ribeirao Pires (state of Sao Paulo) will be devoted to the production of ammunition, and will be the site where the ammunition components produced in Santo Andre are mounted and loaded.

CBC has about 2,000 employees, and its activities are concentrated mainly on export. Between 50 and 60 percent of the total ammunition production, and 70 percent of the firearms production, are exported to over 65 countries.

Commerce and Shipping Company-Maua Shipyard

In 1905, Baron de Maua founded a private company which, during the course of the past 8 decades, has become the Commerce and Shipping Company: CCN group. At that time, Baron Maua was involved in the salt mines in northern Brazil. The only possibility of marketing that extracted raw material was by making use of ships, which required suitable maintenance, or would have to be built specifically for that purpose. This was the origin of the Maua Shipyards, located in Guanabara Bay, state of Rio de Janeiro.

This shipyard, which has, to date, been engaged exclusively in the construction of merchant vessels, is currently equipped to handle ships of about 80,000 tons. The shipyard has had long experience in the building of oil tankers, general cargo ships, completely automatic freighters, for bulk cargo off-shore drilling platforms, and LASH type ships. CCN-Maua was one of the five Brazilian shipyards which participated in the competition for the construction of the second series of corvettes for the Brazilian Navy. Although the Brazilian Navy did not select Maua, the shipyard will not give up its interest in ship construction, primarily for export. However, one of the group's subsidiary companies, CEC-Maritime and Industrial Equipment, is a supplier of the Brazilian Navy, to which it provides equipment for its frigates. The number of employees at the CCN-Maua shipyard totals 2,885, 476 of whom are skilled technicians, and 86 are engineers. Some of the 32 engineers in the technical department and 10 in the production planning and control department are engaged in research and development. At the height of the second national naval construction program, CCN-Maua employed over 7,000 persons. At present, the shipyard is working on the number 188 hull, a 55,000-ton oil tanker for the national petroleum company, PETROBRAS [Brazilian Petroleum Corporation].

The other companies of the CCN group are:

CCE-Maritime and Industrial Equipment, Inc, which produces equipment and large steel structures for the naval, nuclear, and deep water industry (about 2,000 employees);

CCN-Commercial Shipping Company, Inc, and CBTG: Brazilian Bulk Transport Company; owners of ships which operate on the deep water bulk cargo market, and along the Brazilian coast; it has general cargo ships, containers, and tugboats;

CCE-Metallurgical, Ltd, producers of marine equipment and other miscellaneous items;

Helistone Screw Propeller Industry and Commerce, Inc, active in the field of screw propellers for ships.

CCN-Maua has exported over 70 vessels, 50 of the LASH type, sent to the U.S. firm, Delta Lines.

CSE-Camargo Systems and Engineering, Inc

Now joining the well-known group of producers of optical and optronic materials, consisting, to date, of D.F. Vasconcellos, Inc, High Precision Optics and Mechanics, and the industrial production division, ENGETRONICA (a branch of ENGESA-Specialized Engineers, Inc) is the CSE firm, whose factory is located in Jacarepagua (state of Rio de Janeiro).

Without becoming involved in the area of these two aforementioned companies, Camargo Systems and Engineering, Inc, offers, in its production line for military applications, laser detectors, laser sights for rifles and subrifles, and laser telemeters both for the artillery and for the individual combatant.

Valparaiba Explosives Company, CEV

The air-to-surface rocket, which was later under the responsibility of AVIBRAS, had at first been produced by the Valparaiba Explosives Company, founded in 1960 in Lorena, state of Sao Paulo.

With its facilities located about 200 kilometers from Sao Paulo, the company is engaged 100 percent in the military market. Its range of products includes:

Hand grenades with time fuses; tear gas hand grenades; mortar grenades; antitank rifle grenades; firebombs; chromatic smoke hand grenades; antipersonnel rifle grenades; 3.5 inch rockets; and 81 millimeter mortar grenades.

The Valparaiba Explosives Company (CEV) provides employment to about 500 persons, some 25 of whom are engineers (six engaged in research and development). The total sales volume may be set at between \$10 and \$12 million, with 40 percent going to the export market, particularly within Latin America, although with some also sent to Africa and the Middle East.

D.F. Vasconcellos, Inc, High Precision Optics and Mechanics, DFV

"...I am only a subcontractor of the large industries," claims the founder and owner of the most important Brazilian company in the optronics sector, Dr Decio Fernandez (D.F.) de Vasconcellos, aged 77.

Sent by the Brazilian Government to the United States, Dr Decio founded D.F. Vasconcellos as a corporation after returning to his country in 1956, starting with the production of high-precision optical devices. At that time, Dr Decio was working with a 10-year contract for the Brazilian Armed Forces, producing dioptric telescopes, telemeters for the coastal artillery, and view finders for firing.

DFV built, and is still building surgical microscopes for the civilian market and, simultaneously, for export. The company recently undertook a new project,

with the development of industrial robots for the automotive industry, relying on Swedish technology.

Below, we shall list the optronic systems developed and produced by the company:

Telescopes for command and control; theodolites; goniometers for mortars; view finders for cannons; front screens for data representation (for example, for the Xavante and Tucano); periscopes for tanks and armored vehicles for infantry combat; stereoscopes for aerial photography; binoculars for night vision; periscopes for drivers of tanks and armored vehicles for infantry combat; sighting apparatus for tanks and armored vehicles for infantry combat.

In addition to these high-precision optical devices, DFV has also been engaged, since 1977-78, in the area of high-precision mechanical devices. It has built and supplied to the Brazilian Armed Forces time fuses and 37 and 70 inch rockets, with the respective launchers consisting of seven tubes. Last year, the Armed Forces evaluated a grenade launcher bomb and a cluster bomb. The Piranha missile is by now in an advanced stage of development.

The DFV personnel amount to about 780 employees, with some 25 engaged in research and development. The company's sales volume is approximately \$12 million.

Diana Paolucci, Inc, Industry and Commerce, Diana Trading

Before the advent of modern high technology equipment and weaponry which required a certain amount of industrial development, the soldier used simpler weapons and defended himself on foot. But he always needed special clothing.

For the past 40 years, Diana Paolucci, Inc has been engaged in the production and supplying of this material for the Armed Forces in Brazil , or, more exactly, in Sao Paulo (state of Sao Paulo).

Through its associated firm, Diana Trading, Inc, it has begun to lead the export market, offering helmets, belts, sleeping bags, capes, knapsacks, and field tents of its own production.

Digicon, Inc, Electronic Controls for Mechanics, Digicon

In cooperation with the Research and Development Institute of the Army Technological Center (IPD/CTEx: Research and Development Institute/Army Technological Center), Digicon, Inc, a firm with national capital in Gravatai (state of Rio Grande do Sul) is engaged in the development and production of automation equipment, processing control equipment, industrial computer equipment, and military equipment such as inertial sensors and goniometers.

Elebra Telecon, Inc

With its facilities in Sao Paulo (state of Sao Paulo), Elebra Telecon, Inc, is one of the companies affiliated with the industrial group Brazilian Electronics, Inc (Elebra).

Its Systems Division is the leading Brazilian supplier of components for the national air space control integrated system, a program directed by the Commission for Implementation of the Air Space Control System (CISCEA) of the Aeronautics Ministry.

Meanwhile, the second Air Traffic Control Center in Brazil has now been opened and put into service. Elebra Telecon, Inc, supplied consoles for the traffic control and air defense, approach control radar, and route control radar.

In the future, the company, a producer of electronic equipment, will also enter areas such as electronics for missile guidance, simulators, and equipment and logistical backup for electronic countermeasures (CME).

EMBRAER-Brazilian Aeronautics Company, Inc

In August 1969, the Brazilian Government decided to authorize the founding of a new aircraft factory, to carry out national aeronautical programs in the country. Sao Jose dos Campos, in the state of Sao Paulo, was selected for the establishment of the Brazilian Aeronautics Company, Inc. In that area, adjoining the local airport, two private producers of light aircraft, Neiva Aeronautical Construction Company, Ltd, and Aerotec Company, Ltd, as well as the Technical Aeronautics Center (CTA) had already been established.

In October 1968, the prototype of the IPD-6504, developed by the CTA Research and Development Institute (IPD), made its first flight. It then became the leading product of EMBRAER, known as EMB-110A (IPD-6504) Bandeirante; and the third prototype flew for the first time in June 1970.

Just a year later, the first Brazilian jet, the EMB-326GB Xavante, was built under a license from the Italian company, Aeronautica Macchi, S.p.A. This airplane was, at the same time, the company's leading export product, with three versions of that training aircraft delivered in 1976 to the Togo (Africa) Air Force. When the Brazilian Air Force needed a successor for its T-37 from the Cessna Aircraft Company at the end of the 1970's, EMBRAER was the one to receive the development contract for the new training plane for the Brazilian Air Force Academy. In 1980, the prototype of the training plane, designated EMB-312 Tucano (T-27), made its first flight. This same plane has been exported to Egypt, a country that is now producing three more under an EMBRAER license. The first Tucano assembled in Egypt flew for the first time in July of last year. In August of that same year, the minister of the Brazilian Air Force, Lt Gen Octavio Julio Moreira Lima Sarney, received the No 100 airplane delivered to his branch.

One of the company's most successful commercial products, the EMB-120 Brasilia, of which 65 units have been ordered, with options for another 100 (figures as of the end of March 1986), will be introduced for military transport in the Brazilian Air Force. The number 3 prototype was set up to be evaluated by the Air Force. On 30 July of last year, Lt Gen Moreira Lima, the Brazilian air minister, signed an initial order for four EMB-120 Brasilia, of the transport version, for the Air Force, which will operate with the Special Transport Group (GTE). This decision will quite possibly lead to the development of an early air alert and maritime patrol version of the Brasilia.

The signing of an agreement between the British aeronautical producer, Short Brothers, Ltd, and EMBRAER led to another major export order for the company, whereby the Brazilian firm will deliver 130 EMB-312 Tucano planes to the British Air Force, becoming its new basic training aircraft.

The previous experience with the cooperation between the Italian company, Aeronautica Macchi S.p.A. and EMBRAER made it possible to form an economic interest group for the tactical combat plane, AM-X, between Aeromacchi, Aeritalia, and EMBRAER. The Brazilians are participating in the program with 30 percent, and are responsible for the design, development, testing, and production of the wings, air nozzles, horizontal stabilizers, weapons fastening points, and jettisonable fuel tanks for the airplane. The landing gear for the Brazilian Air Force plane will be built under a license by the EMBRAER Equipment Division (EDE). The first AMX assembled in Brazil was introduced on 17 October 1985. The second phase of tests also began on that date. As of March of this year, the plane had made 17 flights with a total of 30 hours of flying. Of the seven AM-X prototypes, two will be built in Brazil. By 1989, the total flights made by all the prototypes (both those built in Italy and those constructed in Brazil) will exceed 1,400.

Once the new facilities covering about 22,690 square meters, in its Sao Jose dos Campos complex, have been completed, EMBRAER will increase its capacity in the sector of compound materials for airplane construction. Based on a contract with Sikorsky Aircraft, a Division of United Technologies Corporation, the company will produce much of the compound materials for that U.S. aircraft producer.

In December 1984, EMBRAER had approximately 8,000 employees, and by that date had exported 487 airplanes to over 30 different countries. Whereas, in 1984, they supplied 194 airplanes (156 to the domestic market and 38 for export), this number was exceeded in 1985, when it supplied 231 planes, representing a sales volume of \$249 million, \$128 million of which was due to exports. The total production and delivery amounted to 3,240 planes in the fall of 1985.

In one of the forthcoming issues of TECNOLOGIA MILITAR, we shall report in detail on the development of EMBRAER's most recent product, the EMB-123, which is, simultaneously, the first step in the cooperation between two Latin American aeronautics firms (with the Argentine Military Aircraft Factory).

ENGESA-Specialized Engineers, Inc

In 1960, Jose Luis Whittacker Ribeiro, founder of the company, produced and supplied equipment for the oil extraction industry. The difficult terrain in Brazil indicated the lack of suitable suspensions for trucks. And this was the starting point for the recently established company to engage in the development of equalizing beam suspensions for those vehicles; and it was contracted by PETROBRAS and other companies in the sector. Encouraged by the success achieved, the company offered its suspensions to the Brazilian Army, which contracted ENGESA to produce suspensions for military vehicles. In this way, the modernization of military trucks began, with the production of conversion kits for this type of vehicle.

Only 10 years later, ENGESA started (almost simultaneously) the development of its armored vehicles on wheels (Cascavel and Urutu). The company had very clearcut ideas regarding the development of that type of vehicle, and the total sales of about 5,000 vehicles since 1970 are an obvious proof of the good course of action that was undertaken. In 1973, when the exporting of armored vehicles on wheels began, ENGEX was founded, one of the company's six divisions for industrial production. This division is responsible for the production of pipes, gearboxes, suspension systems, pumping stations for oil production, and rods for pumps. In 1982, ENGESA became responsible for the Phillips of Brazil line of military products, founding Engetronica, which is currently producing military and civilian electronic systems, optronics systems, VHF and HF radio systems, avionic systems, and transformers. Phillips of Brazil now owns 30 percent of the shares of Engetronica.

During these past 25 years of its existence, the company underwent a rapid growth, and founded a group of companies, six of which were designated industrial production divisions (IPD: Industrial Production Division), and the others, service divisions (SD:Service Division):

ENGESA Vehicles (1973, Sao Jose dos Campos, IPD), producer of armored vehicles, military use vehicles, armored turrets, lumber carriers, and farm tractors, and also engaged in the conversion of vehicles for all-terrain use;

ENGEX (1973, Salvador, IPD), producer of pipes, gearboxes, and suspension systems;

Engequimica (1979, Juiz de Fora, IPD), producer of ammunition and explosives for military and civilian applications;

ENGESA FNV (a company that has existed for about 30 years, acquired in 1983; Cruzeiro, IPD), producer of railroad equipment, railroad cars and wheels, mining equipment, automotive parts, elevator and excavation machinery, trailers, and steel casting;

Engetronica (1982, Sao Paulo, IPD), producer of military and civilian electronic systems, including tactical radios, navigation systems, and firing control systems;

Engelétrica (a company founded about 20 years ago, and taken over by ENGESA in 1982, Janoira, IPD), producer of electric motors for industrial applications (underground, electric buses, etc.);

Engeagro (1977, SD), markets tractors and agricultural equipment produced by the ENGESA companies;

Transgesa (1983, SD), highway transport, and other activities in that field of transportation;

Engesvideo (1977, SD), video tapes and training programs for civilian and military personnel (particularly for clients using the firm's products);

Aero Brazil (1983, SD), air freight transport for the entire group;

Axial (1980, SD), personnel administration and sales insurance for the group;

Engexco (1976, SD), a commercial company responsible for the international marketing of the group's military and civilian products.

Engexco notes that, for most of the projects, it does not receive government economic aid for research and development, not even for one of the most important and recent developments: the EE-T1 Osorio tank. This project, now in its final phase, was started in 1983. The EE-T1, with a weight of 41.1 tons in combat, was developed for two reasons: as a supply for the new Brazilian Army combat system, and as a product for export. Toward the end of 1985, the company had already completed three prototypes, which have now been evaluated by the Brazilian Army and in the Middle East. Following the Brazilian plan (design, production of a prototype, and development), the Osorio is now in its final stages. It is planned to produce two different versions of the tank, one with a 105 millimeter gun, and a second with a 120 millimeter gun. The former will be offered with regular or plated armor, while the latter version will have only plated armor. The reason for having different versions is the competition with already existing tanks, such as the Tam, Leopard 1, AMX-30 (105 millimeters, regular armor), Chieftain Mk3 (120 millimeter gun, regular armor), M-1 Abrams, Leopard 1A4, OF-40 (105 millimeter gun and plated armor), Leopard 2, AMX-40, M1A1 Challenger, Chieftain 900, and T-72 (120 millimeter gun and plated armor). The engine will be the same in both versions. The production of this tank has already begun this year, and the company already has several signed orders in its possession.

As a result of this program, ENGESA will develop a complete family, based on the Osorio chassis. One member of that family is already in an advanced stage of development: the 155/45 millimeter howitzer and the 155/39 SP. The former will be built in cooperation with the Austrian firm, Noricum Maschinenbau und Handels GmbH, a subsidiary of Voest Alpine AG.

A few months ago, the youngest member of the Sao Paulo firm's armored family was unveiled for the first time, which will again constitute the leader in a

series of armored vehicles for immediate intervention forces, and those for reconnaissance and firing backup: the ET-4 Ogum. This is a 4.9 ton infantry combat vehicle (in its heaviest version), with a weight/power ratio of 28.6 hp/t, 0.32 kilograms of pressure force/square meter, a height of 1.31 meters to the upper edge of the body, and a maximum speed of 70 kilometers/hour, thanks to a diesel engine from the firm Perkins Engines, Ltd, which develops 140 hp at 2,650 revolutions per minute.

The ENGESA group has approximately 10,000 employees, some 390 of whom are engineers engaged in research and development; and it devotes 95 percent of its production capacity to the military market. About 60 percent of that percentage is for export.

Equipaer, Aeronautics Industry, Ltd

The training of pilots in the Brazilian Air Force is the field of endeavor for this firm with headquarters in Sao Paulo (state of Sao Paulo). After the initial evaluations and its approval, the Equipaer equipment was introduced into Brazil. The targets for training in air-to-air and air-to-ground firing are compatible for use with airplanes such as the Xavante, F-5, and Mirage.

FI-Industry and Commerce, Ltd

Five years ago, a group of naval engineers founded this company to produce naval ammunition of from 35 to 175 millimeters. As has already been mentioned, in the defense industry there is little competition that has to be confronted, and FI-Industry and Commerce is the only producer of ammunition of this caliber in Brazil. The facilities at its disposal have been leased from the Brazilian Navy, and much of the machinery used was purchased from the Navy of the Federal Republic of Germany. The new production plant (the company began its production at the AMRJ shipyards) is located in the industrial district of Campo Grande, in the state of Rio de Janeiro, where explosives and propellants are available. The testing of the new ammunition developments takes place on the military proving grounds in Marambaia, about 35 kilometers from that factory. One of the company's latest products is ammunition for the Bofl 40 millimeter L/70 cannon, recently supplied to the Brazilian Marines (Fuzileiros Navais).

FI-Industry and Commerce, Ltd, employs about 400 persons (18 engineers, five of whom are working on research and development), and it has started developing new types of ammunition with different warheads. To date, the exports represented only a rather small amount.

Foerster-Imaden, Quality Control Equipment, Ltd

Germetec-Industry and Commerce in Ultraviolet Apparatus, Ltd

Helibras-Helicopters of Brazil, Inc

Helibras is the most recently founded aeronautics company in Brazil, formed in 1980 (in Itajuba, state of Minas Gerais), at which time it was the only

helicopter industry in all of Latin America. Its stock shares are held by the state, Minas Gerais, and the French company, Aerospatiale; and it was founded to assemble and, in time, produce the SA 315B Lama and the AS 350B Ecureuil helicopters, designated HB 315B Gaviao, and HB 350B Esquilo, respectively. With a large investment, at the end of last year the program was nationalized 100 percent with respect to productive force and 60 percent with respect to components for the HB 350B Esquilo. At the end of 1984, the Brazilian Navy was already operating nine units of the HB 350B Esquilo; and, by the end of 1983, 12 helicopters had been exported in Latin America, six to Bolivia (HB 315B Gaviao), one to Chile, and five others to Venezuela.

Included among the missions of the military version of the HB 350 Esquilo are: backup for artillery, search and salvage, training, transport, and observation.

Hydroar-Metallurgical Industry, Inc

The main activities (with 65 percent of its total sales volume) of this company are carried out on the civilian market, with the production of compression valves. The first time that Hydroar entered the military market (since its founding in 1957) was in 1986, when it won the competition for the production of the M18A1, 57 millimeter recoilless antitank cannon. At that time, the Americans had already stopped producing this weapon, which was nevertheless still in service among various armed forces that continued to require proper maintenance of the equipment. Hydroar specialized in the production of replacement parts for the M18A1, also modernizing it. The M20A1 was provided with a new electric/electronic handle (PE-1), which was also produced as a kit to make it compatible with the M9A1 rocket launcher. Also produced were replacement parts for the antiquated M20A1, M20, and M40A1, as well as for the M936/M1 and M949/M19 mortars, which will remain in service until they are replaced by more modern equipment. At the request of the Brazilian Marines, Hydroar produced flame-throwers (LC T1M1) and gas-thrower systems (EP T1M1), which have been exported to other Latin American clients.

The number of employees at Hydroar amounts to about 230, and it may possibly reinforce its military production activities when the Brazilian Armed Forces decide to introduce a new antitank missile launcher, to be built nationally under a license, for which it is quite possible that French technology will be acquired.

IMBEL-Brazil Ordnance Industry

The state companies must obviously follow the government's policy of nationalizing and pooling efforts. This was why EMBEL was founded in 1975, and why, since 1977, all the state military factories have been converted into a part of IMBEL.

With its four plants and four associated companies (Estrela Factory, Presidente Vargas Factory, Juiz de Fora Factory, and Itajuba Factory), Ordnance Industry has pursued a modern policy of development, production, and marketing of its products.

IMBEL develops and produces:

Light weapons; ammunition and charges; gunpowder for cannons; propellants; common explosives and HE (high-power explosives); and communications and electronic equipment.

INPEL-Aeronautical Parachute Equipment and Packing Industry, Ltd

Caneco United Industries, Inc

Another competitor interested in the Brazilian Navy program is the Caneco shipyard, located in Rio de Janeiro (like most Brazilian shipyards).

Founded in 1886 by Vicente dos Santos Caneco, the firm has always been engaged in naval construction and repair. When the Arthur Donato group acquired the stock shares and administrative control of the company in 1945, it retained its original name that it had before becoming a public company.

To date, these shipyards have not built a warship alone, but firmly intend to enter this field; they have already made some contacts with German naval construction firms for a possible acquisition of additional technology. The firm also wanted to partially complete the Brazilian national development Plan II, which is currently ending that merchant ship construction trend.

However, Caneco plans to become fully involved in that new field. This naval construction firm has two slips with a capacity of 50,000 and 30,000 tons, and is supplied with the necessary mooring posts for finishing and anchorage. Over 80 ships have already been built and delivered.

In 1974, the Arthur Donato group acquired Engenavi (Industrial Naval Engineering, Inc.), founded in 1964; a firm specializing in naval and industrial projects, and technical assistance, currently in charge of the group's design work.

The only component of Caneco United Industries, Inc, working with the Brazilian Navy is Fermasa-Machines and Equipment, Inc, founded in 1975. This firm, located in the industrial complex at Palmares, Rio de Janeiro, consists of three industrial divisions, devoted to machines and tools for metal forms, industrial and naval equipment, and alcohol distilleries. In cooperation with the U.S. Sperry Corporation, Fermasa is supplying stabilizers to the Brazilian Navy.

Other companies in the Donato group are:

Ecic, Inc, Electric Controls: it develops and produces specialized electrical equipment for naval use, such as dry transformers, low voltage panels, main connection switchboards, and battery charges;

Cimbarra, Inc, Industry and Commerce: producer of furniture for the naval industry.

Caneco United Industries, Inc, has 4,500 employees, 65 of whom are engineers engaged in the field of research and development.

Ishibras-Ishikawajima of Brazil, Shipyards, Inc

Number three among the competitors for the construction of the future Brazilian units, these shipyards were founded in January 1959 to build commercial vessels; at the same time, being one of the Brazilian shipyards that has already undertaken major construction projects for the Brazilian Navy. Ishikawajima of Brazil built the Brazilian Navy oil tanker Marajo (G-27), the keel of which was installed in 1966, and which was launched at sea in 1968. In 1983, the shipyards delivered the main engines for the new Brazilian school ship, Brasil (U-27), built under a license from the French company, S.E.M.T. Pielstick. Also during that year, they signed the contract for the supply of the two auxiliary boilers (model AV-202) to be used on the same ship as well.

At its shipyard in Inhauma (Caju, state of Rio de Janeiro), Ishibras operates two drydocks, one of which is equipped for the construction of ships of up to 400,000 tons (the largest in all of Latin America). In March 1984, 146 ships had already been built, nine for export. At that same time, the company had built nearly 500 diesel engines for naval applications under a license from Daihatsu Diesel Mfg Co, Ltd (Japan), S.E.M.T. Pielstick (France), and Sulzer Brothers, Ltd (Switzerland).

The group is also involved in the area of capital goods, producing a wide variety of heavy equipment. Other production lines are: tackle for marine drilling, submarine modules and chambers. To back all these activities, the company opened its factory in Campo Grande during 1974. Some of the firms associated with Ishibras are located in that industrial complex, in one of the satellite towns of Rio de Janeiro, and they are:

Proturbo-Primus, Pipe Processing, Inc, specializing in the processing of pipes and conduits;

Terabras-Terasaki of Brazil, Inc, producer of electrical components such as electric panels and consoles.

Ishibras is also supported by the following firms affiliated with the group:

ASTECS: insurance agency;

ISHITEC: consulting, planning, and design company;

ITAIPUAM: industrial construction;

SBCQ: inspection.

The group, 90 percent of whose stock shares are held by the Japanese firm, Ishikawajima-Harima Heavy Industries Co, Ltd (IHI), had 4,483 employees as of May of last year, with some 500 engineers working for Ishibras, 50 in the research and development field.

Liotechnica, Industry and Commerce, Ltd

For over 20 years, the Liotechnica company has been engaged in producing military rations. In addition to supplying the national market with these rations,

which are sufficiently balanced to nourish a man for 24 hours, it also produces for export, numbering among its supplies a product especially developed for the Islamic countries.

MacLaren-Shipyards and Maritime Services, Inc

On Ilha de Conceicao, state of Niteroi, just opposite Rio de Janeiro, the second (with Ishibras) private shipyard, building various vessels for the Brazilian Navy, is located.

In 1938, Arthur Frederico MacLaren began his activities as a supplier of ships, transporting lumber and cement along Guanabara Bay. The tugboats and barges that he was using for those missions necessarily had to be repaired and maintained, which is why he acquired the first shipyard. The next step was the entry into the field of ship production.

The scope and type of facilities at the two MacLaren shipyards (the second located in Ponta D'Areia, state of Niteroi) clearly indicate the type of vessels that they can build. The wharf and docks, and a slip 30 meters wide at the facilities on Ilha da Conceicao allow for simultaneous construction of two 90 meter ships of up to 1,500 tons. The Ponta D'Areia facilities have a lateral slip and one for repairs each 60 meters long, and an additional manufacturing area for construction of reinforced fiberglass plastic (GRP) vessels up to 22 meters long. To summarize, MacLaren is the Brazilian naval builder for merchant and military vessels of small and medium size.

Shortly after the company launched at sea the first river patrol boats of the Roraima class for the Brazilian Navy, in 1974, it founded MacLaren Steel and Fiber, Inc. This company in the group specializes in the construction of coastal patrol boats and fireproof reinforced fiberglass plastic life-saving boats.

The company is another one of the competitors in that modernization program for the Brazilian Navy, and is particularly interested in the construction of rapid patrol boats for the Navy and 12 meter patrol boats for coastal patrol.

The group is backed by 10 subsidiary firms:

MacLaren Anticorrosion and Industrial Assembly, Inc, also founded in 1974 and located in Ipatinga, state of Minas Gerais, specializing in anticorrosive treatment and industrial assembly for ships and, for example, the manufacture of hull equipment and welded structures;

Marco, naval construction and repairs;

Ebrace, commercial company;

Diagrama, civilian contractors;

OMC, transportation;

MacLaren Steel and Fiber, Inc, reinforced fiberglass plastic vessels;

Beta, financing for the group;

Agropecuaria, agriculture and livestock;

Armond, ship repairs;

Tapuias, mining.

At present, the shipyard is building a river patrol boat for the Navy of Paraguay.

Moto Pecas [Motor Parts], Inc, Transmissions and Gears

Since its founding in 1953, as Moto Pecas, Inc, it has been engaged in the production of transmissions and gearboxes for trucks, tractors, and buses. The diversification of the company, located in Sorocaba, state of Sao Paulo, led to the production of maritime gearboxes for engines of between 200 and 300 hp.

In 1980, the Steel Improvement Forge Company (SIFCO group) took over all the stock shares of Moto Pecas, Inc, without changing its name on that account. At that time, the company started executing its first contracts with the Brazilian Armed Forces, participating in the reconditioning of the CD-500 gearbox for the Brazilian Army's light tank, X-1A2. Only 3 years later, the I and II special products divisions were founded (DPE: Special Products Division). The engineers and technicians active in these divisions are engaged in many military projects.

In 1982, the Army Technological Center (CTEx), responsible for all Brazilian Army projects, granted Moto Pecas a contract to modernize the M-113 personnel transport armored vehicle. This contract included the overhauling of 574 of those vehicles, in service with the Brazilian Army. After completing eight preliminary conversions, evaluated by the Army, they began delivering the vehicles at an average of 29 per month, starting in August of last year. A certain number of those modernized vehicles were converted into command and control or communications vehicles. The latter, in a prototype state, will be equipped with a ground-to-air radio supplied by the Brazilian firm Siteltra-Telecommunications and Traffic Systems, Inc (AEG Aktiengesellschaft), and Engetronica, Inc (ENGESA/Phillips of Brazil). The conversion kit for the M-113 has been offered for export, because there are many countries still using that vehicle.

Another project of the company is the modernization of the M-37 general transport vehicle (VTNE-vehicle for non-specialized transport) which, at present, is in a preseries stage. A total of 288 vehicles of that type will be modernized. After completing the prototype of the first national amphibious vehicle on chains, the Charrua (equipped with a Saab-Scania engine), Moto Pecas has

begun the second prototype, including the modifications required by the CTEEx. The Charrua has already been approved by the Brazilian Army, which will receive a first series of from eight to 10 vehicles, once the contract has been signed. While the design of a 20 meter bridge launcher on the well-known Sherman chassis has just begun, the prototype of a recovery vehicle (on the same chassis) has already been completed. The latter is capable of lifting weights of up to 10 tons, and is equipped with a dozer shovel for earth moving and grade preparation.

Moto Pecas, Inc, has about 1,100 employees, nine of them engineers engaged in research and development. The company's sales volume, which already exceeds \$1.5 million, will increase considerably once it begins supplying the Brazilian Army, and will surely reach \$3 or \$3.5 million.

Moto Pecas' three factories, all located in the same area near Sorocaba, are engaged in the development of prototypes, manufacture of military products, and production of transmission components, as well as administration.

MWM-Diesel Motors, Ltd.

The stock shares of MWM-Diesel Motors, Ltd, are distributed quite differently from those of its original German company. MWM of Brazil is owned 100 percent by the German firm Knorr Bremse KG. Founded in 1954, the company's facilities are located in an industrial complex in Sao Paulo. At that time, the main activities were confined to the production of stationary motors for civilian applications. The production of motors for vehicles began about 20 years later, in 1974.

During 1979, MWM entered the military market for the first time. The Brazilian Army and Marines, which had acquired a large number of M-34 trucks from the United States during the 1960's, had major problems in purchasing replacement parts for the LD-465-1 and 140 hp motors from the Continental Motors Corporation firm. This prompted the technicians from the Central Motor Mechanization Pool in Rio de Janeiro and MWM to design a kit to remotorize those vehicles. For this purpose, they developed the MWM D 229-6 Reo (Reo: reconditioning) motor. During the period from 1979 to 1984, over 300 motors were supplied, as new driving equipment for the trucks. MWM provided the motors to Moto Pecas for the modernization of the Brazilian Armed Forces' VTNE M-37/M-601.

To date, MWM-Diesel Motors, Ltd, has produced over 500,000 units, primarily to remotorize trucks and buses, which have been exported to various Latin American countries and to the United States, Spain (Canary Islands), Zaire, Egypt, and the Arab Republic of Yemen.

ENGESA's EE-T1 Osorio tank has been equipped with the TBD 234 V12 engine, to be subjected to evaluation.

The number of employees at MWM Diesel Motors, Inc, is 2,050, and the 1984 sales volume was \$1.050 billion.

Novatracao, Rubber Devices, Inc

When Josef Soucek founded Novatracao in 1954, he set up a few small workshops devoted to retreading tires on construction machinery. In 1958, he founded his first factory, and, in 1964, the Brazilian Army cited the need for replacing the rubber shoes on the vehicle chains. After an evaluation and prior retreading of 200 chains, the company was selected (following another competition in 1964-65) as a leading contractor for the Brazilian Armed Forces. The firm was devoted to the Stuart and Sherman tanks.

In 1974, for the first time, it produced new tires for the T-46 and T-48 tanks; and in 1978, it made its first export to Ecuador (wheels for the T-48). One of the next clients for export was Uruguay: a supply of new chains and repairs on the existing ones. This line of products and the retreading of tires for the Brazilian Armed Forces still constitute the main activity. A total of 200 tires are vulcanized monthly for the vehicles of the Brazilian Armed Forces. Another product line includes the production of new tires for the P-16 training plane.

In 1969, the need for special airless ground roll tires for personnel armored vehicles and other similar vehicles offered the company the opportunity to open another new line of products. Since then, hundreds of those tires have been delivered to the Brazilian Armed Forces and exported.

Novatracao has also participated in the modernization of the M-41 (Bernardini) and M-113 (Moto Pecas), providing new chains and rubber shoes, and repairing chains.

Located in Parada de Taipas, state of Sao Paulo, the company has 200 employees.

Tupan Chemical, Inc, QT

In 1957, a group of retired officers of the Brazilian Armed Forces, joined together with the name Tupan Chemical, Inc, began their activities reloading used cartridges. In 1960, the same company started producing a gunpowder with a simple base which, at the same time, constituted the firm's first product line. Six years later, in 1966, it moved to the second production line: the manufacture of antiriot products, such as tear gas grenades and explosives. Starting in 1976, it produced military and civilian pyrotechnical products, as well as signal ammunition. And after a joint development between Brazilian Army and Tupan Chemical engineers, in 1978 they began producing antipersonnel and antitank mines and smoke producing grenades (81 millimeter) for the camouflaging of armored vehicles.

In 1980, when the new Tupan factory was built in Nova Iguacu, the company began developing second generation products, primarily in the pyrotechnical sector, starting independent research and development work, with the use of its own engineers. One of the company's outstanding periods may have occurred last year, when, backed by the Brazilian Navy, Tupan Chemical received the rating "SOLAS" for all its products, which really opened the doors for them to the export market. The development of smoke-producing/anti-IR grenades is

already in an advanced stage, and illuminating projectiles with a capacity of 1.2 million flares will soon be produced, with the respective devices for launching them from the ground.

The only pyrotechnical producers in all of Latin America, and having recently received the rating for its products, the company plans to increase its production force from 250 to about 800 employees. During the past 5 years, 50 percent of the sales volume was due to exports, and increases of up to 60 or 70 percent have been planned. The Ministry of Army has authorized Tupan Chemical to export equipment worth up to \$4 million.

Real Security Equipment, Ltd

Founded in 1945, this firm employs about 1,000 persons in its factory covering 17,000 square meters, located in the suburb of Embu (state of Sao Paulo), for the production of helmets, protective goggles, silencers, antigas masks, knapsacks, sleeping bags, bulletproof vests, etc.

Saturnia, Inc, Energy Systems

Saturnia, Inc, began its activities in 1931. Since 1952, the two divisions (companies), Saturnia, Inc-Energy Systems and Saturnia Batteries, Ltd, have been making electronic products and industrial batteries, respectively. They belong to the Brazilian group, Microlite. In their two industrial plants, located in Sorocaba and Sao Paulo, automobile and industrial batteries are produced, as well as batteries for submarines and electronic equipment.

The range of civilian products in both companies includes the following areas:

Telecommunications, electrification, fork loaders and electric vehicles, railroad and underground lines, emergency lighting, information, industrial installations, petroleum and petrochemical exploration, shipping, and unconventional power systems.

For the military market, Saturnia, Inc, produces batteries and equipment used in the river and maritime sectors. Included among these products are: lead storage batteries for motor ignition; automatic discharge batteries with low consumption for signal buoys and power systems for solar panels; submarine batteries mounted in reinforced fiberglass plastic boxes (for example, those used in the Oberon class submarines).

The Brazilian Army and Air Force are also clients of Saturnia, which uses in its batteries for submarines the design and technology of Varta Batterie AG. The control systems for space, sea, or land surfaces, shipping and air traffic, satellite monitoring, radar installations, telecommunications, etc., are equipped with:

Rectifiers, control and signal panels, interruption-proof three-phase systems (UPS), mini-UPS single-phase systems, alternating current static converters,

power systems fed by solar panels, emergency lighting systems, and stationary lead storage batteries.

Siteltra, Inc, Telecommunications and Traffic Systems

Making use of technology from AEG-Telefunken (at present, AEG Aktiengesellschaft), Siteltra, Inc, was founded as a successor to AEG-Telefunken of Brazil, Inc. This German company began its activities in Brazil during 1954, and produces various military products in the C³, ELINT, and COMINT areas for land, sea, and air applications. As has already been noted, Siteltra, Inc, is also participating in the program to modernize the M-113, directed by Moto Pecas, Inc, and supervised by CTEEx.

The company develops and produces a complete line of systems for military applications, such as:

Double-channel radio sets for fixed, mobile, and portable use on the HF, VHF, and UHF bands;

Multichannel sets on the UHF and SHF bands;

Television surveillance and command sets, controlled by microprocessors, and special telecommunications systems, as well as sets from HF to SHF.

Of a total of 750 employees, 80 are engineers engaged in research and development, at its factory located in Sao Paulo.

Spasa-Sao Paulo Sandals, Inc

As its name indicates, this firm is located in the capital of the state of Sao Paulo. It is at the same time the oldest one in Brazil engaged in (among other things) the production of personal clothing and equipment for the soldier. To market its products, which amount to over 171 individual items, it has Spasa Trading, Inc.

Spasa produces in a total of 24 plants, employing about 30,000 persons.

Taurus, Inc, Military and Civilian Weapons

In 1939, a group of German immigrants founded the Brazilian company Taurus Forges, Inc, engaged in the maintenance and production of copies of firearms, in Vila Ipiranga, near Porto Alegre, state of Rio Grande do Sul.

During the period between 1970 and 1975, when Smith & Wesson was the company's leading stockholder, Taurus manufactured weapons of that U.S. firm under a license. Then it started exporting, primarily to Latin American countries.

Beginning in 1975, the company was renationalized, and, in 1977-78, the second factory was established in Sao Leopoldo, state of Rio Grande do Sul, one which is currently producing machine tools and forging implements for the Taurus group.

An important step in making the company independent was the purchase of the Beretta factories in the district of Santo Amaro de Sao Paulo, in 1980, when Taurus, Inc, Military and Civilian Weapons, was founded. Beretta was already a supplier to the Brazilian Armed Forces. At that time, Taurus began supplying 9 millimeter machine guns and pistols to the Brazilian Navy and Air Force, as well as to the police forces.

The large firearms exports to the United States led to the creation of Taurus International Manufacturing, Inc, in Miami, Florida. The United States became the company's leading market for civilian products. Other export markets are Chile, Colombia, and Venezuela; and 40 percent of the company's production is for export, distributed 50 percent between civilian and military products.

In 1983, the Taurus Armor, Ltd, firm was founded to produce helmets, shields, and bullet-proof vests for the police forces.

The most recent field of activity is the production of firing control equipment for land vehicles and aircraft, for which purpose Taurus Electronic Equipment, Inc, was founded in January of last year.

Taurus Forges, Inc, the consortium company, has 2,000 employees, 20 of whom are engineers assigned to the research and development department.

Verolme United Shipyards of Brazil, Inc

The contacts between the Dutch naval builder, Cornelis Verolme, and the Brazilian Government, originated upon the modernization of the previous British aircraft carrier, Vengeance, which was to become the Minas Gerais (A-11) of the Brazilian Navy. In 1959, construction began on the shipyard in Jacuecanga, near Angra dos Reis, state of Rio de Janeiro. Only 2 years later, the first ship of the Brazilian company, Verolme, was launched at sea. At present, the shipyard has three slips, is the largest in all of Brazil, and can build vessels of up to 600,000 tons. A floating dock was recently installed to repair ships of up to 150,000 tons, as well as a naval construction sector, aimed specifically at military vessels, in order to meet the requirements of the Brazilian Navy and of various foreign clients.

During its 25 years of existence, Verolme has built over 71 ships of various sizes, totaling more than 2 million tons. In 1983, two Brazilian groups took control of the company's capital, so that, at present, it is a 100 percent Brazilian-owned shipyard, headed by a group that is also Brazilian.

The activities of this shipyard are quite varied, and it also builds firefighting and rescue vehicles for airports. In the field of naval repairs to warships, Verolme has worked for several navies all over the world, including that of the United States (Wilkes, T-AGS EE reconnaissance ship). The repair and supply of off-shore drilling platforms for the oil industry is another area of activity for this shipyard.

One of Verolme's recent projects, in a completely different sector (except for the application of technology in heavy steel processing), was the establishment

of the economic interest group including the British firm Vickers Shipbuilding and Engineering, Ltd (VSEL), the U.S. firm, Cummins Engine Co, and Verolme. The design, development, and production of a new self-propelled howitzer to replace the U.S. M-109A are already in an advanced phase. Upon the completion of the construction of the chassis built by Verolme, it was sent to Great Britain to be provided with the power unit. Then VSEL began the development of the turret and the 155 millimeter howitzer. The first prototype of what is now called the AS-90 was shown at the British Army Equipment Exhibition (BAEE), last June, in Aldershot.

Before the replacement of the AS-90 took place, another even more important event occurred, at least from the standpoint of a shipyard's main activities. On 10 June 1986, after a long, hard contest among Brazilian shipyards, Verolme was contracted for the construction of the next two frigates of the V-28 class (Julio de Norinha and Frontin) for the Brazilian Navy. These two frigates, designed by the Brazilian Navy's Naval Engineering Bureau (Naval Engineering Directorate), constitute the second pair of an initial series of four (out of a total of 12 that are planned). The delivery of the first one has been stipulated within a period of 33 months after the signing of the contract; in other words, in March 1989, while the second will be delivered 6 months later, in September 1989.

Vulcabras, Inc, Industry and Commerce

Conclusions and Prospects

After the presentation of some of the leading companies participating in the production of materiel for defense (without overlooking the hundreds of newly established subcontractors and firms, the inclusion of which would have transcended the bounds of this article), one can imagine the impact that this sector is having, both on the economic and industrial development of Brazil, particularly with regard to exports.

Some of the defense industries in highly industrialized countries have, in the past, criticized the quality of the products coming from Brazil, and there may have been some truth in this in one instance or another. But have these critics thought about their own initial efforts at the beginning of their technological development?

At present, the Brazilian defense industry ranks sixth on the list of weapons exporters and, therefore, it cannot be considered a novice in this field, seeking new markets. The production facilities have been modernized, and they are currently at the international level, fulfilling high quality standards. In comparison with the established Western industries, Brazil, based on the experience of its own progress, has one advantage: It has a better understanding of the needs of the developing countries, offering products which do have a certain degree of advanced technology, but without going beyond the integration of the essential components. In other words, its industry produces functional equipment which will, in the first place, meet the needs of its own

Armed Forces, without overlooking the possibility that it might also be used for export.

The latest developments prove that the advanced Western industries have taken careful note of the steps achieved by the Brazilian defense industry. The recent agreements signed between Brazilian and European companies mark the beginning of a new position assumed by these Western industries: If we cannot prevent them from penetrating already established markets, then why not become associated with them?

But neither Brazilian industry nor administration is resting on its laurels, as proven by the recent agreement signed between the Military Aircraft Factory (FMA), of Argentine nationality, and the Brazilian Aeronautics Company, Inc (EMBRAER).

Note: The information on some of the companies described, as well as some of the photographs published, come from the 1986 Catalogue of Brazilian Defense Materiel, published by the Visconde de Cabo Frio Foundation, Industry and Supply Sector (SIA).

2909

CSO: 3342/69

EMFA ISSUES NEW MILITARY WAGE ADJUSTMENT TABLE

Rio de Janeiro O GLOBO in Portuguese 9 Jan 87 p 5

[Text] Brasilia--The Armed Forces General Staff yesterday divulged the new remuneration rates for career training and specialized duties. With the new rates, a general of the army, who was receiving 35,000 cruzados, will now earn about 42,000 cruzados, including the bonuses and benefits provided by law. According to the new table, an officer who has completed the Army Command and Staff Course or the equivalent will receive a 115-percent bonus on the base pay (for a general of the army, the highest career rank, equivalent to 10,000 cruzados). Previously, this total corresponded to 75 percent of the base pay.

Those who have completed the first stage of the Air Force Command and Staff School and the Naval War School will receive 95 percent of the base pay, as will those who have attended the IME (Military Institute of Engineering) and the ITA (Technical Aeronautical Institute) and those who have passed the entrance examinations for the Corps of Aeronautical Engineers and the Naval Engineers and Technicians Corps.

The new tables, contained in a decree signed by President Jose Sarney, Finance Minister Dilson Funaro, Planning Minister Joao Sayad and Armed Forces Chief of Staff Paulo Campos Paiva, include the increase in reimbursements for the exercise of exclusive duties for each post, added to that for military training. Thus, a general or superior officer exercising exclusive duties of a general will receive a reimbursement of 100 percent of his base pay. Intermediate officers (major and captain) will receive a 65-percent increase; subalterns (lieutenant and second lieutenant), officer candidates and midshipmen have been given a 60-percent increase and enlisted men or specialized corpsmen 55 percent.

The earnings of a general of the army total 42,000 cruzados, with the following benefits: base wage, 10,000 cruzados; career training, 11,500 cruzados; reimbursement for the exercise of a specific duty in the post of general officer, 10,000 cruzados; housing subsidy, 3,000 cruzados; and reimbursement for time of service (calculated on the basis of 10 percent of the base pay for each 10 years of active service), 4,000 cruzados.

6362

CSO: 3442/58

COUNTRY CONFUSES MARKET BY IMPORTING, RE-EXPORTING COFFEE

Hamburg DEUTSCHES ALLGEMEINES SONNTAGSBLATT in German No. 49, 7 Dec 86 p 15

[Article by Klaus Hart: "Bitter Aftertaste"]

[Text] The dock workers in Santos, Brazil, don't know what to make of the world of coffee these days: Knowing that they belonged to the nation which led worldwide in coffee exports, they used to load foreign freighters with high-grade native coffee. But recently, ships which carry beans of inferior varieties from African and Central American states have been docking. The Brazilian government permitted the import of 1.5 million sacks of raw coffee (60 kg each), and by doing so made the world coffee market, always nervous and characterized by speculation, even harder to figure out.

According to the minister of industry and trade, Hugo Castelo Branco, the transaction, unique in the annals of Brazilian history, aims to maintain Brazil's 30 percent share of the world coffee market, as fixed by the International Coffee Organization (ICO), in spite of the preceding bad harvest, without causing shortages for native consumers. But this is not even half the truth.

The mere announcement of the purchases by the head of the Brazilian coffee institute, Paulo Graciano, made the price quotations at the coffee exchanges in New York and London race upward—and this was precisely the intended effect. Graciano is counting on additional foreign investment income of at least \$200 million this year. The cheaper imported varieties are scarcely being used for the local market, but are being exported after being transformed into powdered coffee. This is to the advantage of the Brazilian coffee industry and foreign investment income, encumbered with debts of over 100 billion dollars. The higher prices for native varieties are supposed to cause the Brazilian exporters to stop waiting for better times and empty their warehouses. The cheap coffee is being taken in from other countries with whom Brazil wishes to achieve a very favorable balance of trade and which therefore are pushing for a price decrease. Thus the government has managed to kill several birds with one stone.

The largest Latin American state, about 35 times as large as the FRG, is often wrongly viewed in Europe as a coffee country. Twenty years ago,

the green, brown or black beans still made up approximately 40 percent of total exports; today the figure is no more than 10 percent. The export of machines, cars, and armaments like tanks and airplanes attracts much more foreign investment and has played a role in making Brazil into the eighth largest industrial nation of the Western world.

The national coffee sector is now trying at least to mitigate the loss of prestige which this entails by taking unusual steps. The most recent, however, did not meet with the success anticipated. The Brazilian coffee institute has now announced that the country will probably have to yield the title of the largest exporter in the world to Colombia. Their northern neighbor was said to be selling 12 million sacks at more favorable prices. But their own sales would probably have difficulty in passing the 10 million mark. The year before they had amounted to 19 million. One reason is that coffee consumption is stagnating worldwide; the market is saturated, and in Western Europe alone the coffee roasters have stockpiled 4.3 million sacks, about 3 million in the United States. Anyone who is still ordering coffee tries to do so in countries which are not subject to the quotas of the International Coffee Organization.

In Brazil, the guess is that the tougher going in the coffee trade is also an effect of the trade war with the United States. The government in Brasilia is legally bound to protect the rapidly expanding national computer industry from foreign competition. Besides the West Germans, this particularly annoys the Americans. And, in a counter-move, Washington set up trade barriers for certain Brazilian products. Now it is being assumed in coffee circles that the Reagan administration is pressuring importers not to buy in Brazil any more, but to find other sources.

But the situation also has a lot to do with the complications and confusion of the Brazilian coffee market itself. Immediately after the coffee imports were made known, the plains were ringing with the planters' cries of protest; in spite of a bad harvest, they claimed that there were sufficient reserves, and roasters and exporters also had at least 6.5 million sacks hidden away for speculative purposes--more than the national annual consumption. The coffee industry responded that of course they knew that sufficient quantities existed. But since they were being held back by the coffee cooperatives, the government had petitioned them for permission to import. In this way, the coffee industry made the producers into the scapegoats.

There is more than a grain of truth in each of the charges: Brazil's export warehouses are far from empty, but acknowledgement of this fact by the ICO would cause world market prices to somersault, which would ultimately injure all the producing nations. The Plano Cruzado, the Sarney government's anti-inflation program, also forbade a rise in coffee prices. Now the "cafeicultores" are waiting for an end to price controls and better net profits at the national coffee exchange in Sao Paulo. Meanwhile they are hoarding. One producer in the southern state of Parana is known to have kept back about 300,000 sacks, heaped up on each other higher than Sugarloaf Mountain. Far more than twice as much is smuggled

annually across the scarcely guarded border to Paraguay alone, and at this moment it sells for almost double the price.

In the last analysis, it is the end users who are made fools of; in the traditional coffee country of Brazil, innumerable people have already given up their beloved custom of drinking two or three espressos (here called "cafezinho") every day at home or at one of the many bars open on the street corners. For a kilogram of coffee already costs more than a tenth of what a third of the work force receives as legally guaranteed minimum wages: the equivalent of approximately DM80.

9337/9190
CSO: 3620/104

OIL PRODUCTION, DERIVATIVES CONSUMPTION FIGURES RELEASED

Rio de Janeiro MANCHETE in Portuguese 17 Jan 87 pp 84, 85

[Article by Allan Caruso: "Increased Consumption of Gasoline and Other Petroleum Products"]

[Text] Domestic petroleum production during the period January-November 1986 averaged 594,073 barrels per day, representing an increase of 5.9 percent over the figure for the same period in 1985, which was 560,468 barrels per day.

Campos Basin, in the state of Rio de Janeiro, accounted for 59.8 percent of domestic production, with a daily average of 355,483 barrels during the period in question. This represented a 6 percent increase over the figure for the corresponding months of 1985, when its fields produced a total of 335,083 barrels per day.

Production on the continental shelf came to 406,898 barrels per day, representing an increase of 4.4 percent over the figure for the corresponding months of 1985, when production was 389,680 barrels per day. The onshore fields produced a total of 166,678 barrels per day, representing an increase of 7.9 percent over the figure for the preceding period (154,405 barrels per day).

Following in order after Campos Basin, which produced the largest share of domestic production, are the states of Bahia, with a 14.2 percent share; Sergipe, with 9.1 percent; Rio Grande do Norte, 7.9 percent; Ceara, 3.6 percent; Espiritu Santo, 3.1 percent; and Alagoas, 1.9 percent.

In November 1986, average daily production was 575,799 barrels compared to 591,935 barrels for the corresponding month of 1985.

Average combined daily consumption of petroleum products and fuel alcohol for the period January-November 1986 rose to 1,254,000 barrels, representing an increase of 14.7 percent over the figure for the corresponding period of 1985 (1,091,000 barrels). Of this total, consumption of petroleum products alone (excluding alcohol) was 1,073,000 barrels per day compared to 956,800 barrels per day for the corresponding period of 1985, representing an increase of 12.2 percent.

Combined daily consumption last November of petroleum products and fuel alcohol totaled 1,421,000 barrels compared to 1,190,000 barrels per day for the

corresponding month of 1985, representing an increase of 19.3 percent. The figures for the consumption of petroleum products alone in November 1986 was 1,211,000 barrels per day compared to 1,027,000 barrels per day in the corresponding month of 1985, representing an increase of 17.7 percent.

Gasoline

In the period January-November 1986, gasoline consumption was 146,000 barrels per day, representing an increase of 15.4 percent over the figure for the corresponding period of 1985, when consumption was 126,500 barrels per day. The consumption of diesel oil was 381,000 barrels per day, representing an increase of 12.6 percent over consumption during the corresponding 11 months in 1985 (338,400 barrels per day).

Consumption of liquefied petroleum gas (121,900 barrels per day) increased by 9.2 percent, inasmuch as the figure for the corresponding period of 1985 was 111,400 barrels per day. Consumption of fuel oil (192,900 barrels per day) represented an increase of 14.6 percent over the figure of 167,800 barrels per day for the period January-November 1985.

Consumption of hydrated alcohol during the period January-November 1986 was 138,700 barrels per day compared to 98,200 barrels for the same period in 1985, representing an increase of 39.2 percent. Consumption of anhydrous alcohol (which is added to gasoline) was 41,700 barrels per day, representing an increase of 15.1 percent over the figure for the corresponding period in 1985 (36,100 barrels per day).

Situation in November

In the month of November 1986, gasoline consumption was 160,900 barrels per day compared to 142,800 barrels per day in the corresponding month of 1985, representing an increase of 12.7 percent. Consumption of diesel oil recorded an increase of 18.5 percent: to 445,800 barrels per day in November 1986 from 376,100 barrels per day in November 1985. Consumption of liquefied petroleum gas came to 119,500 barrels per day compared to 110,100 barrels per day in November 1985, representing an increase of 8.3 percent. Consumption of fuel oil was 237,900 barrels per day in November 1986, representing an increase of 32.5 percent over the figure for the corresponding month of 1985, when consumption was 179,100 barrels per day.

Consumption of hydrated alcohol was 166,900 barrels per day in November 1986, representing an increase of 37.6 percent over the figure for November 1985 (125,300 barrels per day). Consumption of anhydrous alcohol was 43,000 barrels per day compared to 37,700 barrels per day in November 1985, representing an increase of 5.5 percent.

Increase Anticipated

OPEC may--as early as this month--raise the price of petroleum to \$18 (approximately 265.50 cruzados) per barrel. This decision worries PETROBRAS president Ozires Silva, because if it is implemented, gasoline and all other petroleum products will soon undergo a new price increase.

10992

CSO: 3342/63

BRAZIL

BRIEFS

DIAS OUSTED AS PCB HEAD--The decision to relieve Giocondo Dias of the presidency of the Brazilian Communist Party [PCB] could come this weekend in Sao Paulo, when the PCB Central Committee meets to discuss the convening of its eighth congress. Two names are in competition for his succession: Hercules Correa, currently secretary general (who was defeated in the Rio de Janeiro election for Constituent Assembly on 15 November) and Roberto Freire, federal deputy from Pernambuco, who was reelected in the last race. The PCB National Executive Committee met officially yesterday in the Sao Paulo Regional Directorate to draft the document which will be offered for debate today in the Teotônio Vilela Auditorium of the Municipal Chamber. The leaders concluded that "there was a general defeat of the party at the national level" in the last election "and partial victories in Pernambuco, Bahia and Brasilia." They ask: "What is the explanation for the behavior of the electorate?" and what action should be taken "from now on?" They also question whether they should proceed with the policy of the "united front" which they are maintaining with the PMDB [Brazilian Democratic Movement Party]. The electoral failure resulting from this type of action is pointed out as one of the reasons which could lead to the fall of Giocondo Dias, a theory which the Communist leaders officially reject. Still, they themselves report that the president could be replaced during a congress and his successor must be a member of the executive Committee, a requirement met by both Freire and Correa. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jan 87 p 4] 6362

SARNEY WOULD RECEIVE CASTRO--Brasilia--President Sarney yesterday indicated he was receptive to the idea of a visit by Cuban President Fidel Castro to Brazil. The information comes from Deputy Gustavo Faria (PMDB [Brazilian Democratic Movement Party]-Rio de Janeiro), who reported on his recent visit to Cuba during an audience at Planalto Palace. Fidel told the deputy that he would like to go to Brazil. According to Faria, Sarney received the idea calmly and said there was great interest in a rapprochement of the two countries, especially in the cultural area. [Text] [Rio de Janeiro O GLOBO in Portuguese 8 Jan 87 p 3] 6362

CSO: 3342/58

SLOW ENFORCEMENT OF DECREE-LAW 92 ON WORKER RESPONSIBILITY

Havana GRANMA in Spanish 27 Nov 86 p 4

[Article by Daysi Jardines. For earlier article on Decree-Law 92, see pages 59-62 of JPRS-LAM-86-115 of 17 December 1986]

[Excerpt] Francisco Linares, member of the Party Central Committee and minister-chairman of the State Committee for Labor and Social Security (CETSS), met with representatives of the Agencies of the Central State Administration to discuss how the enforcement of Decree-Law 92 is going. This legislation deals with the material responsibility of leaders, officials, and workers.

Material responsibility includes restitution for damages, repair or compensation for economic damages, and in the latter case, payment will be made through monthly deductions from the wages of the responsible individual.

The minister stated that the agencies are behind in implementing the provisions of the decree-law, and warned that material responsibility must be enforced with all necessary stringency, with respect to any damages caused to state property. He added that this is a fundamental element of enforcing discipline everywhere. He asserted that if a leader does not apply the corresponding measures, he will be punished for failing to fulfill this duty.

"As the first anniversary of the effective date of this decree-law approaches, we can assess how it has been applied in each agency. There is no doubt whatsoever that this has to do with the whole process of rectification that is taking place in the country. Although we have advanced in this process, it has not gone as rapidly as it should," said Linares.

He mentioned an inspection conducted recently which revealed that many of the violations discovered in July and August are still present in several enterprises; 27 percent of them have not been rectified. He also said that the agencies have been urged to take measures and eliminate these deficiencies.

8926

CSO: 3248/149

14 PERCENT RISE IN TOURISM PROJECTED

Havana GRANMA in Spanish 27 Nov 86 p 4

[Text] The National Institute of Tourism (INTUR) hopes to achieve a 14-percent jump in the number of tourists who visit us next year, said Rafael Sed, president of that organization, during an interview he granted to GRANMA.

Rafael Sed explained that along with the consolidation of Cuba's tourism image, there is a plan to develop this industry in our country. The plan includes, among other elements, the construction of 4,000 new hotel rooms in Varadero, 600 in Cayo Largo, and others in the area of Baconao Park and right in Santiago de Cuba. The budget for these projects has already been approved.

"In addition, for the purpose of diversifying tourist centers," he said, "the possibility of building other hotels in the areas of Baracoa and Holguin is being contemplated. These hotels would be operating by 1988. We are also working to preserve all the cultural and tourist wealth of Trinidad, where we plan to have the Hotel Ancon, which is now under construction, operating by January 1987."

As for the city of Havana, Sed indicated that the idea is not to construct new hotels, although some may have to be built in the future; rather, it is to invest all efforts in the remodeling of key hotels such as the Habana Libre, the Riviera, and the Nacional. With regard to the Eastern Beach zone, he added that the formation of a community brigade will be approved for taking care of these beaches, their green areas, and access roads.

For this same area east of the capital, the formation of a construction maintenance and remodeling brigade has also been proposed. Provided with all the necessary resources, this brigade would restore all the INTUR houses that are in poor condition there.

The president of INTUR explained that during this 5-year period, moreover, a new hotel is expected to open in the area of Barlovento. This would increase the capacity to handle the specialized tourism in this region.

Rafael Sed stated that in view of the increase in tourism expected in the country, services must undergo what he termed a revolution. This means changing the entire training system that is currently used in this agency, modernizing it with the introduction of new programs and ensuring that its schools keep pace with the development of this sector.

RAMIRO VALDES, OTHERS MEET WITH SOVIET ELECTRONICS OFFICIALS

Havana GRANMA in Spanish 29 Nov 86 p 3

[Article by Roberto Paneque Fonseca]

[Text] Soviet Minister of the Electronics Industry Vladislav G. Kolesnikov, a member of the Central Committee of the Communist Party of the Soviet Union, and Samuel Savariego, president of the National Institute of Automated Systems and Computer Technology (INSAC), last night in this city signed the protocol that outlines the key features of the work to be done in the next few years.

The ceremony was attended by Pedro Miret Prieto, member of the Politburo and vice-chairman of the Council of Ministers. In the afternoon, Miret and Kolesnikov had held talks in which they touched on the fundamental points of bilateral trade between the two countries in the area of electronics.

Minutes before the protocol was signed, the Soviet minister held a fraternal meeting with Carlos Rafael Rodriguez, vice-chairman of the Councils of State and Ministers. At that meeting, the two officials exchanged ideas about Soviet-Cuban relations in the field of electronics. Also present were Alexandr S. Kapto, ambassador from the USSR to Cuba, and Samuel Savariego.

Kolesnikov's Visits

The Soviet minister visited numerous entities in the Cuban electronics industry, including the military industrial enterprise Great Socialist Revolution of October, the Cotorro printed circuit plant, the technical computer equipment complex that is being built east of Havana, and the Central Institute of Digital Research.

Kolesnikov also toured the electronic components plant in Pinar del Rio, where he was accompanied by Orlando Lugo, member of the Central Committee and first secretary of the Party in that province.

Upon his return to Havana, he went with Vice-Minister Alesksey Inaudi and the rest of the delegation to the Hermanos Ameijeiras Clinical-Surgical Hospital.

In the late afternoon, they visited the Electronic Technology Production and Export Complex (COPEXTEL), where Commander of the Revolution Ramiro Valdes Menendez, member of the Party Central Committee and vice-chairman of the Council of State, gave Kolesnikov a detailed explanation of the structure, functioning, and aspirations of that organization.

PROGRESS REPORT ON HAVANA CITY PUBLIC WORKS PROJECTS

Havana GRANMA in Spanish 29 Nov 86 p 3

[Article by Raul Palazuelos Barrios]

[Text] Projects valued at 156,403,400 pesos have been carried out so far under the special social construction plan for the city of Havana, which includes seven programs involving the maintenance and repair of housing, housing construction, the sale of construction materials to the population, street repairs, water works, public health projects, and the underground Metro.

Pedro M. Chavez, member of the Central Committee and president of the local government in the capital, yesterday chaired a meeting to assess the progress of this special plan. At the meeting, it was reported that as of last August, 63.9 percent of the plan for maintenance and repairs had been fulfilled, with a cumulative figure of 27.7 million pesos. Difficulties arose in this respect with some aggregates that are essential for construction. For example, there were problems with the transportation of beach sand early this year, and now there are similar problems with loading equipment. The delivery plan for another aggregate, road gravel, has already been fulfilled, but that plan did not account for the approximately 1,200 cubic meters per month required by the new microbrigade movement in the capital.

In this regard, a report was presented on the demolition of illegal structures, and a warning was issued about the expansion of some houses in the area of the new zoo and the El Kikiri neighborhood. Illegal fencing and the running of fences beyond established property lines have been discovered, and immediate administrative measures will be taken.

In addition, it was learned that 3,048 completed dwellings were provided with electricity as of October, and another 800 are expected to be completed in December. It was noted that the planning of resources for the capital electricity enterprise must be expanded in view of the buildup of provisional services, new dwellings that need electricity, public lighting, and other services that will involve the microbrigades that are beginning work in the 15 municipalities of Havana.

The construction of housing reached a value of more than 25 million pesos in a plan that called for 35.5 million pesos; it was reported that 4,437 residences were completed in a plan that called for 4,312, although the province is committed to 5,000 by the end of the year. At present, 32 highrises are under construction in the city, and 1 has been completed. Another 4 are expected to be finished in December, providing 578 apartments.

Street repairs and pothole filling covered 138 principal streets; 76 of them were repaired, along with 9 culverts, and 2,056 potholes were filled. In this connection, Pedro M. Chavez cited the need to give priority in December to the potholes in the streets that are very heavily traveled, to benefit the majority of the population. More than 28 million pesos was spent on these road repair activities, under a plan that called for 35.5 million pesos in spending. Of this amount, 10.8 million corresponded to the Construction Ministry, and 17.2 million to the People's Government Construction Enterprise.

The plan for water works had been fulfilled at a rate of 56.5 percent; 15.7 million pesos out of a projected 28 million had been disbursed. In this regard, the Aqueducts Office of the People's Government reported that the plan to install 44,000 water meters cannot be fulfilled, although 100,000 pesos was allocated for that purpose this year.

One program that yielded good execution results was that of public health projects; the plan called for 54.1 million pesos, while 55.4 million was executed, a 102.3 percent fulfillment. By the end of the year, 11 health care facilities and 4 medical stations will be completed, while 119 percent of the plan for projects in the pharmaceutical industry has been fulfilled.

With regard to the capital Metro, whose first line will go from Naranjito to Alamar, with the first link being from the Sports Complex to the Central Park, it was reported that delays have been experienced in the geological studies. The general plan for the Metro, however, is ready for submission to the committees of the Technical Advisory Council and the Provincial Executive Committee of the People's Government.

8926

CSO: 3248/149

CONSTRUCTION MICROBRIGADE ACTIVITY IN HAVANA

Havana GRANMA in Spanish 26 Nov 86 p 1

[Article by Raul Palazuelos Barrios]

[Text] A total of 110 microbrigades have been formed for the construction of housing and social projects in Havana to date, after Commander in Chief Fidel Castro provided a revitalizing impetus for this pluswork construction movement in his speech last 19 April.

A total of 2,749 workers from various centers of the capital have now joined these microbrigades, and 32 percent of them are working on the construction of tall buildings, which are regarded in the Guiding Plan of the Capital as the preferred solution for making better use of the soil and urban development in the capital.

Although one basic technical aspect, the construction plans, has faced the most difficulties so far, the new microbrigade movement has already received 91 of these for 1,956 family dwellings. Construction cannot begin immediately on 7 of them because of problems in laying foundations, land ownership, and other matters.

With regard to social projects, so far only the plans for laying out 16 social centers have been delivered, and of these work is continuing on only 2 because the others lack the plans for the foundation.

Of the offices and housing for family physicians, the capital microbrigade movement has begun 219 of the 500 that are to be built.

Maximo Andion, a member of the Executive Bureau of the Government in the capital who is dealing with the microbrigade movement, explained to this GRANMA reporter that the Construction Ministry has made a commitment to deliver the plans for the construction of 5,000 residences, 13 daycare centers, and 6 schools before the end of the year.

Within this process of revitalizing the microbrigades by properly applying the principle of pluswork, Andion explained, a strong and systematic effort is being made to create the entire infrastructure of this activity. In addition to the purchase of various equipment and other labor resources, a small

industry is being developed in the zone of Berroa to manufacture prefabricated elements, floor buffers, screens, saws, rebar cutters, and other tools and equipment. The microbrigades will also rely on workplaces to provide the tools and equipment needed for their work, and will make as many prefabricated elements right at the site as they can, based on the experience the men in the white helmets have acquired over the years in solving such problems.

With a pure sense of justice and equality, the equipment and tools are being distributed among the 15 municipalities of the capital. In this connection, 200 chutes for concrete production and about 450 carts or wheelbarrows will be provided. In addition, a great deal of emphasis is placed on the care of the tools and implements that are given to the microbrigades, which are physically responsible for them and must pay restitution for any losses.

8926

CS0: 3248/148

BRIEFS

NOTICE ON RATION BOOKS—Given the large number of families whose industrial product booklets have not yet been picked up at the Consumer Registration Offices, the Provincial Office of Retail Commerce in Havana authorized one last extension for collecting them. The extension period will run until 4 December. The office reminds those involved that according to the provisions of Instruction E-70 of the Ministry of Domestic Trade, consumers who have not picked up their booklets within 3 months of the effective date of the new booklet will be officially dropped from the list for food product booklets. The change in booklets for this year took effect on 4 August. [Text] [Havana GRANMA in Spanish 25 Nov 86 p 6] 8926

RAUL CASTRO PUBLISHED IN VIETNAM—Hanoi, 28 November--A book by the second secretary of the Central Committee of the Communist Party of Cuba, Army Gen Raul Castro, has been published in Vietnam on the occasion of the 30th anniversary of the landing of the "Granma." The work, put out by the publishing house of the Popular Army of Vietnam, contains 23 articles that were written between 1960 and 1983. Its purpose is to familiarize the Vietnamese with the Cuban people's struggles against Spanish colonialism and the Batista dictatorship. The book will also enable them to learn more about the current political-military line of the Communist Party of Cuba and the Cuban State, explains a note in the newspaper QUAN DOI NHAN DAN, the organ of the Vietnamese Army. [Text] [Havana GRANMA in Spanish 29 Nov 86 p 7] 8926

CTC NEWSPAPER REDESIGNED—The newspaper TRABAJADORES, the organ of the Central Organization of Cuban Trade Unions (CTC), will begin a new phase next Monday, 1 December. It will be printed with an offset system in a tabloid format consisting of 12 pages. It will sell for 10 centavos throughout the national territory. The tabloid size is growing increasingly popular in the world because it is easier to handle. This format requires a more condensed presentation of the various news articles, and a better selection of graphic materials. [Text] [Havana GRANMA in Spanish 29 Nov 86 p 1] 8926

HOTEL RENOVATION, CONSTRUCTION IN VARADERO—The subsidiary of the Union of Caribbean Construction Enterprises (UNECA) in Varadero has completed construction of the Herradura and Tropical Astoria Hotels, and of Lodging Module No 1, which together increase the capacity of this tourist area by 164 rooms earmarked for international tourism. Both the Herradura Hotel and the Tropical Astoria underwent repairs and capital remodeling, while Lodging

Module No 1 is a newly-constructed facility. It is located in the Punta Blanca section of this well-known tourist spot. According to what UNECA officials told GRANMA, each of these projects is characterized by high-quality and efficient construction. Levi Farah, minister of government, congratulated the builders for completing the construction efficiently and on schedule, and revealed that since early 1985, the UNECA has made 617 rooms available for international tourism. For the rest of the year, it intends to complete projects including 64 housing units in Cardenas, an asphalt plant, a stone mill, and Buildings 14 and 15 in the Granma district of Varadero. The total value of the investment in the three new hotels is 3.2 million pesos, and they will soon be open for business. [Text] [Havana GRANMA in Spanish 26 Nov 86 p 3] 8926

FEMALE MILITARY SERVICE--Santiago de Cuba, Heroic City of the Republic of Cuba--The Female Volunteer Military Service (SMVF) has been formed in this province, and the municipalities of Palma Soriano, Julio Antonio Mella, and San Luis will be the first to begin registering in the territory. Young women between 17 and 25 years of age may join the SMVF if they are single, have no children, are physically and mentally fit, meet the political and moral requirements, have at least a 9th grade education, and present the necessary identification documents plus a letter of recommendation from their last place of employment or study. By signing up, the young women agree to remain in the SMVF for 2 years, with the possibility of continuing on and of holding positions, engaging in higher education if they are graduates of preuniversity schools, and enjoying the same rights as other members of the military service. This new step in strengthening the defense of the Santiago region confirms and reiterates the important role that women play in the construction and defense of socialism, and the fact that they enjoy freedom and real equality. [Text] [Havana GRANMA in Spanish 25 Nov 86 p 4] 8926

CSO: 3248/148

PRD VIEWED AS FACING CONTINUING LEADERSHIP PROBLEMS

Santo Domingo EL NACIONAL in Spanish 2 Jan 87 p 38

[Article by Nelson Encarnacion]

[Text] The PRD [Dominican Revolutionary Party] will face a difficult situation in the coming months as a result of the internal struggle which will probably intensify during plans for its upcoming convention.

The PRD situation will become more delicate as the still distant elections approach. They will be definitive for the survival of this organization.

The group struggle that has been going on for years will apparently intensify as the new year begins.

The disputes that characterized the PRD this past year were decisive in the electoral defeat of that organization. All indications are that these will intensify with subsequent damage for the future of the main opposition party.

To many observers, there is no indication that the PRD is achieving unity now, much less as the time approaches for plans for the still distant elections.

In the final days of this year, the group struggle in the PRD has taken the turn that many predicted and events have begun to prove right those who discarded any possibility of understanding.

The recent statements by Jacobo Majluta that there is no chance of an agreement between the PRD groups is merely confirmation of what was foreseen.

It is felt that the PRD cannot overcome the traumatic effects of the past internal struggle as well as the elections of 16 May in only a few months.

The effects of the defeat are still felt in the PRD. They have not been assimilated despite the fact that it is an incontrovertible reality. Accusations continue that the official candidate was betrayed by those who should have helped him win the elections.

Majluta has stated that, in the present situation, there is no chance that the PRD groups will reconcile. Dr Pena Gomez agrees.

Salvador Jorge Blanco, who now seems to be the weakest aspirant because of the situation he faces after leaving the government and because of internal problems in his group, has begun to tour the country to try to strengthen his group.

Hatuey De Camps, secretary general of the PRD due to the so-called La Union pact which also made Dr Pena Gomez president of the PRD, is determined to strengthen his position in order to solo, according to what has been published.

Although the months since Dr Joaquin Balaguer's installation in the National Palace appear to be a time of political truce, internal disputes have continued in the PRD.

The PRD bases still are not clear about their role in the next internal election of the opposition party. It is feared that there will be a new Union pact which will end internal democracy in the PRD.

However, Dr Pena Gomez has assured that the PRD bases will decide the fate of each leader through participation in the internal process.

The PRD's first big problem after the elections of last May will come when it begins to restructure its leadership cadres, especially the CEN [National Executive Committee].

That task, according to its leadership, would probably take place in January or February.

Dr Pena Gomez who aspires to remain president of the PRD feels that all the current leaders should step down because they were elected for a term of 2 years and they have already been in office 5 years.

The majority of the current members of the CEN of the PRD apparently aspire to continue in this top PRD organization. However, the bases do not seem to have the intention of reelecting most of them because they have not worked as expected.

However, the main challenge of the PRD will not be to overcome the problems that might occur in the next convention to elect its leadership. The difficult situation will arise when it begins the process of choosing its presidential candidate for 1990.

It is understood that, with current conditions of the PRD, any internal election process, especially to choose candidates, will aggravate the situation.

The three main leaders of the PRD now—Pena Gomez, Jorge Blanco, and Majluta—are openly proselytizing in order to win the presidential candidacy for 1990.

At the end of the year, potential PRD candidates have undertaken an organizational task, not at the institutional level but in each one of their own groups. This shows that the PRD is no longer a compact party but is a three-headed party.

2.25 BILLION PESO 1987 BUDGET APPROVED

Development Council Presents Budget

Santo Domingo LISTIN DIARIO in Spanish 28 Nov 86 pp 1, 13

[Text] At a meeting presided over by President Joaquin Balaguer, the National Development Council yesterday approved the national budget bill for next year amounting to 2,263.6 million pesos.

Of the total amount budgeted for next year by the Central Government, 1,687.2 million will come from the general fund; 128.1 million from special funds; and 448.3 million from foreign funds.

The meeting of the National Development Council, the official body charged with considering and approving the bill on the Budget and General Law on Public Expenditures for the purpose of submitting it to the National Congress, was held yeaterday afternoon behind closed doors on the third floor of the National Palace.

At the conclusion of the council meeting, the national director of the budget, Luis Antonio Alvarez Guzman, presented a report on what had been resolved as well as on the distribution of appropriations to each of the agencies.

It was explained that the budget that is being presented at this time "is the result of a lengthy study of the government's programs to take care of the needs of the Dominican people according to the economic policy laid down by the Executive Branch. It is, moreover, the result of a careful economic analysis designed to direct public expenditure to those sectors that most require state action."

For 1987, fiscal revenues derived from internal funds have been estimated at a total of 1,815.3 million pesos, of which 1,687.1 million pertain to the general fund and 128.1 million to special funds.

The figure for internal funds is comprised of ordinary revenues in the amount of 1,806.3 million and special revenues in the amount of 9 million.

Of the ordinary revenues, the most significant items consist of: the foreign trade tax, in the amount of 624.9 million; internal taxes on goods

and services, 610.3 million; and income taxes, 353.4 million pesos. These three categories represent 87.5 percent of the ordinary revenues.

Under special revenues, we have the sale of assets category, in the amount of 8.7 million pesos.

Similarly, we expect revenues in terms of foreign funds, amounting to 448.38 million pesos which, added to the internal funds, would give us an estimated total revenue in the amount of 2,263.6 million for 1987.

Of this total of 2,263.6 million pesos, 59 percent will be allocated to current expenditures and 41 percent to capital expenditures. Of the current expenditures, which total 1,338.5 million pesos, 871.7 million pertain to expenditures entailed in the operation of the Central Government; 272 million to current contributions to institutions and decentralized enterprises and to the private sector; and 194.8 million to interest on the debt and payment of the administrative debt.

Capital expenditures amount to 925.2 million, of which 365 million will be allocated to real investment; 297.3 million to capital contributions to institutions and public enterprises; and 245.8 million in payment toward amortization of the foreign debt.

The most significant allocation within the real investment category pertains to agricultural construction and planting, in the amount of 353.4 million. The most significant capital contributions the Central Government will grant pertain to: the National Hydraulic Resources Institute, in the amount of 111.2 million; the Dominican Electricity Corporation, 84 million; the State Sugar Council, 34.2 million; and the Special Fund for Agricultural-Livestock Development, 31.1 million.

From the functional point of view, the 1987 budget is divided in the following manner:

Social Services: in the amount of 683.2 million, which represents 30.2 percent of the total budget. The most significant allocations in this sector pertain to: health and social assistance, in the amount of 279.9 million, and the education sector, 279.5 million.

Economic Services: in the amount of 584.2 million, which represents 25.8 percent of the budget. The most significant allocations pertain to: agriculture-livestock and fisheries, in the amount of 175.5 million; transportation and country roads, 136.4 million; and the energy sector, 88.9 million.

General Services: in the amount of 575.7 million, which represents 25.4 percent of the budget. The most significant allocations in this sector pertain to general administration, in the amount of 289.1 million; national defense, 175.5 million; and justice and public order, 98.4 million.

(In Millions of Pesos)		General Fund	Special Funds	Foreign Funds	General Total
101	National Congress	9.3			9.3
201	Presidency	83.9	2.6	180.7	267.2
202	Interior and Police	85.3	56.9		142.2
203	Armed Forces	245.2			245.2
204	Foreign Affairs	12.7			12.7
205	Finances	505.4	32.6	53.1	591.1
206	Education	258.9		8.3	267.2
207	Public Health	150.1	18.4	19.9	188.4
208	Sports	7.7	15.3		23.0
209	Labor	2.6			2.6
210	Agriculture	170.2	1.8	151.0	323.0
211	Public Works	108.5		35.3	143.8
212	Industry and Commerce	7.9			7.9
213	Tourism	8.0			8.0
301	Judicial Branch	21.4	0.5		21.9
401	Central Election Board	9.0			9.0
402	Accounting Office	1.1			1.1
Totals		1,687.2	128.1	448.3	2,263.6

Senate Votes Reduction

Santo Domingo EL CARIBE in Spanish 5 Dec 86 pp 1, 8

[Text] In two consecutive readings, the Senate yesterday approved as urgent business the bill on the Revenue Budget and Law on Public Expenditures for next year, amounting to 2,249.4 million pesos.

The budget bill, submitted to the Upper Chamber last week by President Joaquin Balaguer, was declared to be urgent business at the request of Senator Salvador Gomez Gil (PRSC--Monsenor Nouel).

It received the favorable vote of 18 of the 19 senators present at the session. Senator Daniel Mejia (PLD--San Pedro de Macoris) abstained from voting.

The 1987 budget bill was approved after the permanent budget and finance committees of the Upper Chamber presented a favorable report.

The budget and finance committees are headed by Reformist Senators Miguel Angel Jimenez Messon and Jacinto Peynado, respectively.

During consideration of the budget bill, Senator Jose Osvaldo Leger Aquino (PRSC--San Cristobal) spoke on two separate occasions to ask his colleagues to vote in favor because it was "balanced."

The budget bill approved by the Senate is 14.2 million pesos less than the original law drafted by the National Budget Office.

The bill provides that of the 2,249.4 million, 59.5 percent will be allocated for current expenditures and 40.5 percent for capital expenditures.

The bill originally drafted by the National Budget Office and approved by the National Development Council (CND) provided that 59 percent would be allocated to current expenditures and the remaining 41 percent to capital expenditures.

The bill on the Revenue Budget and Law on Public Expenditures for next year was formally submitted to the president of the Senate, Florentino Carvajal Suero, by Budget Director Jose Antonio Guzman Alvarez last weekend.

The bill states that "the budget that is being presented at this time is the result of a lengthy study of the government's programs to take care of the needs of the Dominican people according to the economic policy laid down" by President Balaguer.

It explains that "it is, moreover, the result of a careful economic analysis designed to direct public expenditure to those sectors that most require state action.

"For 1987, fiscal revenues derived from internal funds have been estimated at a total of 1,815.3 million pesos, of which 1,687.1 million pertain to the general fund and 128.1 million to special funds," it adds.

It says that the figure for internal funds is derived from ordinary revenues, amounting to 1,806.3 million and special revenues amounting to 9 million.

"Of the ordinary revenues, the most significant items consist of: the foreign trade tax, amounting to 624.9 million; internal taxes on goods and services, 610.3 million; and income taxes, 353.4 million. These three categories represent 87.5 percent of the ordinary revenues," it points out.

The bill on the Revenue Budget and Law on Public Expenditures for next year will now go to the Chamber of Deputies for its approval or rejection.

Chamber Approves Senate Budget

Santo Domingo LISTIN DIARIO in Spanish 10 Dec 86 pp 1, 13

[Excerpts] The Chamber of Deputies yesterday passed into law the bill on the National Budget and Law on Public Expenditures for 1987.

The aforementioned bill had been previously approved in the Senate of the Republic last week.

Yesterday, the Lower House, under the chairmanship of its president, Dr Fernando Amiana Tio, met to consider the only topic on the agenda: the bill on the National Budget and Law on Public Expenditures for 1987, totaling 2,249.4 million pesos.

Budget Director Dr Jose Guzman Alvarez previously offered explanations of a technical nature regarding the formulation of the document.

Guzman Alvarez pointed out that in the 1985 budget only \$60 million had been allocated as payment on the foreign debt and that in the new budget \$415 million has been allocated for that purpose.

He indicated also that 41 percent of what has been budgeted is for "capital investments," compared to only 10 percent in 1985. Guzman Alvarez said that it is the highest amount of capital funds since 1972.

Finally, he revealed that all subsidies to government institutions and decentralized enterprises had been eliminated.

Dr Ramon Pina Acevedo (PRSC--National District) presented a motion to release the bill from regular procedures and declared it to be urgent business in order to be considered immediately without further delay.

The bill on the National Budget and Law on Public Expenditures for 1987 will now go to the Executive Branch, which will promulgate it in the next few days.

It will be the first time in many years that a similar bill has been approved so early, when there are still almost 3 weeks before the end of the year.

Increased Revenue Forecast

Santo Domingo EL CARIBE in Spanish 16 Dec 86 p 9

[Text] The budget director said yesterday that the estimates of government revenues for 1987 were made "conservatively," in keeping with President Joaquin Balaguer's policy that not a single inorganic [unbacked] peso will be issued in the next 4 years to cover budget deficits.

Jose A. Guzman Alvarez pointed out that in budgetary matters it is better for the government to have a surplus of money and not be short of money to finance its program of expenditures.

The official made those statements in response to a statement by the Economic Guidance Center to the effect that the government had budgeted around 300 million pesos less in its estimate of revenues and expenditures for the period, calculated at 2,249.4 million.

In an analysis of the 1987 budget, the Economic Guidance Center asserted that revenues will be 2,542.8 million, while the government estimates that they will be 2,249.4 million.

That organization, which is comprised of a group of well-known economists, adds that the underestimate of around 300 million is due to the fact that the government underestimates the income tax, taxes on imports,

alcoholic beverages and processed tobacco, the differentials on oil by-products, and the tax on the transfer of industrialized goods (ITBI), among others.

The budget director denied this latter statement although he admitted that the government's revenue program for 1987 was drawn up "conservatively" in order not to commit expenditures that later would not be able to be covered and to avoid the practice of the last 8 years when it was necessary to fabricate money without backing in gold to make up for budget deficits.

For that reason, Guzman Alvarez warned that the secretaries of state and directors general have to limit themselves strictly to their respective allocations, because the government will not accept credits from local supplier business.

He said that because of the credits that the secretaries of state and directors general in previous administrations used to utilize, to date debts amounting to 220 million pesos have been recorded.

In its report on the government's budget for 1987, the Economic Guidance Center also maintained that the underestimate of revenues allows some 225 million pesos for the discretionary use of the Executive Branch, which is permitted by Law 531 of December 1969.

In that regard, Guzman Alvarez said that, as is being done, the government will continue to make public the amount of money it has available and the projects in which it will be invested.

He explained that in this administration surplus money is put to a different use because formerly it was used in areas that did not benefit the nation.

He also announced that in 1987 there will be better fiscal control of government funds because from 1 January to 31 December of that year there will be an accounting of the revenues and expenditures, which will be made public.

Guzman Alvarez pointed out that in every country in the world there is always talk about overestimates in budgets and that, regarding what the Economic Guidance Center says to the effect that there is an underestimate of revenues from various tax sources, we shall see in 1987.

He admitted that they could be right but that it is very risky to state it with certainty and expressed full assurance that if there is a surplus the government will make public what it is going to invest it in; the country will know what is done with those funds.

The official said that the budget approved by the legislative chambers is practically the same as last year's with the difference that President

Balaguer is showing in what he is investing the surplus funds resulting from the internal savings policy.

He said that only the Central Bank, which is an independent agency, has issued inorganic money by decision of its Monetary Board to finance the 1987 crop of the State Sugar Council (CEA) and rice planting for next year.

8711/9190

CSO: 3248/145

ACTIVE NEUTRALITY, PARLIAMENT 'VICTIMS' OF AREA CONFLICT

Guatemala City PRENSA LIBRE in Spanish 10 Dec 86 p 10

[Editorial: "A Dream That Was Worthwhile"]

[Text] Active neutrality and the Central American Parliament, which have been strategic elements in Guatemala's foreign policy, are the first victims of the fighting between Honduras and Nicaragua. In 4 days of confrontations they have placed the isthmus on the threshold of living the nightmare of war, even if most people would rather pretend otherwise.

We always know when and how fighting starts, but we never know how it will end, nor how many more countries will become involved. However, this war between two Central American countries will touch at least the rest of the region, if not through military operations, in its immediate destructive effects and by heightening poverty.

News dispatches mention that the Honduran high command has given orders to attack the Sandinist troops who have invaded Honduras and that U.S. helicopters have been deployed promptly to carry the soldiers to areas near the scene of battle. The exodus of refugees is on the rise. In short, the picture is that of today's war, an undeclared war but one that has already claimed lives and left widows, orphans, invalids, destruction and poverty in its wake.

The spread of the conflict dictates a shift in Guatemala's stand. Not only must we acknowledge the practical impossibility of establishing the Central American Parliament; we must also decide what side to take or whether to remain altogether neutral, as were Sweden and Switzerland in World War II, with different results.

Now is the time to prepare for every eventuality, since Guatemala might be the victim of a hostile action that would require the direct involvement of the National Army in a conventional war, not in the hit-and-run tactics of the guerrillas.

Now is the time, in a word, to consult as appropriate with as many representatives of the country's various sectors as possible; to spell out Guatemala's real position and to step up the activities of the regime, whose

president is responsible for guiding the country at a time when Guatemalans are watching in anguish as a fratricidal battle begins in the isthmus.

Now is also the time to speak plainly to the Guatemalan people about the sacrifices that they will have to make amid a situation that is the fault of no one in Guatemala and of which we may all be victims. Lastly, now is the time to prepare for difficult times in every respect and to cut bureaucratic spending to the bone, because the authorities themselves must tighten their belts before asking the people to do so.

"Irangate" has hastened the course of events in the isthmus. As usual, our nations are the ones that are paying the price for political developments beyond our borders, in which the United States remains a decisive factor. We can never know for sure how the United States will act, but Guatemala should think twice about not supporting it, because that would mean a certain end to economic aid that could otherwise be forthcoming. And it is crystal clear that the U.S. attitude towards Guatemala is cordial but altogether cold.

The effort at active neutrality was worthwhile, as was the Central American Parliament. They were the last cards that we played to foster a peace that, although fragile and unsteady, is preferable to what looms ahead. It was a beautiful effort, a dream that was worth fighting for. Regrettably, however, it has crumbled, just as the soldiers have fallen in the jungle between Honduras and Nicaragua.

8743

CSO: 3248/168

CABRERA REAFFIRMS ACTIVE NEUTRALITY, DENOUNCES FIGHTING

Guatemala City PRENSA LIBRE in Spanish 9 Dec 86 p 16

[Text] "We are worried about the armed confrontations that have taken place along the border between Honduras and Nicaragua, because a widespread war would destabilize the democratizing processes," the president of the Congress of the Republic, Deputy Alfonso Cabrera Hidalgo, stated yesterday.

"Guatemala maintains and will maintain its policy of active neutrality," he reaffirmed, "and opposes any armed conflict in the region. Now is the time to mobilize political and diplomatic efforts to promote a dialogue between the feuding parties.

"We are beset by a serious economic crisis in the country, and we are recovering little by little from our political and social crisis. If we were to become involved in a war right now, it would be most unfortunate for the population and for the immediate future of our nations.

"With regard to the political crisis in Guatemala," he added, "the ruling party, the DC [Christian Democracy], has set the pace with an ideological platform and a program of action. Other political movements have become consolidated, such as the Democratic Socialist Party, which is offering serious proposals on various domestic problems.

"There are other movements," he went on to say, "such as those on the Center-Right, which is headed by the UCN [National Center Union] and other more conservative groups. All of them can strengthen democracy in our country, but a war in the region could set it back."

Guatemala Could Become Central America's Breadbasket: Ana Maria Gonzalez

"There is a serious risk of intensified fighting along the border between Honduras and Nicaragua, inasmuch as the Reagan administration wants to take advantage of the little time it has left before the Democratic Party takes control of the Senate and reins in its decision-making power," stated Ana Maria Gonzalez Saenz, a PNR [Reformist National Party] deputy.

"The conflict has extremely serious consequences for Guatemala," she emphasized, "because it jeopardizes the policy of active neutrality.

Moreover, a widespread confrontation would reduce supplies of foodstuffs for our people.

"If there were an armed conflict," she added, "Guatemala would become the breadbasket of Central America, the logical upshot of which would be food shortages and higher prices.

"Guatemala has to become a mediator [rectora] now in the Central American conflicts."

Diverting Attention

The intensification of the Central American conflict shows that the Reagan administration is trying to divert world public opinion away from 'Irangate' towards Central America," said DC deputy Rodolfo Maldonado, the chairman of the congressional Foreign Relations Committee.

"The U.S. administration is in the midst of an internal crisis," he said, "with the discovery of U.S. arms sales to Iran and the shipment of covert military aid to the Somozist counterrevolutionaries. It is trying to overshadow this development by promoting fighting in Central America.

"Guatemala must take the lead in seeking peaceful solutions to the worsening Central American crisis," he emphasized. "It must now take up its role as a leader and come up with options for promoting peaceful political solutions to avert armed confrontation.

"The worsening crisis in the region," he indicated, "shows that Guatemala's policy of active neutrality is a proper political approach to the area's problems."

Worried

"The fighting along the border between Honduras and Nicaragua worries us," said Ricardo Gomez, a DC deputy.

"The border conflict could widen and threaten peace in the region," he indicated. "Therefore, the democratic forces in our country must now lift up their voices, appeal for levelheadedness and reaffirm active neutrality.

"For the time being there is no reason to speak of a war between Honduras and Nicaragua," he indicated. "But Guatemala should more clearly spell out its policy of peace, participatory democracy and dialogue.

"A war would only further devastate the nations of Central America and would carry an extremely high social and economic price. Central Americans must realize this, now that fighting has broken out along the border between the two Central American countries."

8743

CSO: 3248/168

GUATEMALA

COMMENTARY VIEWS IMPACT OF IRANGATE ON CENTRAL AMERICA

Guatemala City PRENSA LIBRE in Spanish 6 Dec 86 p 11

["Cacto" Commentary by Alvaro Contreras Velez: "Reagan's Watergate and the Specter of War"]

[Text] In view of the scandal inside and outside the United States over the allegations of shady arms deals with Iran and the transfer of the proceeds from those sales to the Nicaraguan "Contras," etc, it stands to reason that many people are asking whether, if Reagan meets the same fate as Nixon did in 1974, it would mean that the specter of war would be banished from Central America.

I personally feel that even if Ronald Reagan were forced to give up the most powerful office on earth, gringo policy would not change one iota; that is to say, the Republicans would still be determined to use all of the power and dollars at their disposal to overthrow the Sandinists.

Moreover, as we can gather from what we read and hear about his character and ideas, Reagan's successor in the Oval Office, Vice President George Bush, a hardline anticommunist, is even more inflexible, radical and aggressive than Mr Reagan.

In short, U.S. foreign policy, especially in Central America, would remain unchanged, just as it did in 1963 when, after John F. Kennedy was assassinated, President Johnson continued the disastrous Vietnam War in spite of the unrest among and protests of the American people.

And to more than 20 million Central Americans the specter of a "Vietnam in Central America" remains a source of fear, insecurity and dejection, as the sinister prospect that the fighting between Hondurans and Nicaraguans will, with American aid, spread throughout the region looms larger.

For these and many other reasons, the assertion by Senator Richard Lugar, the chairman of the Senate Foreign Relations Committee and a strong supporter of Reagan's foreign policy, sounds demagogic and halfhearted. He said: "U.S. policy towards Central America is at a complete standstill."

As long as Reagan and the others implicated in the Iran affair and its offshoots have to try and weather the storm, policy towards Central America will move to the back burner, and activities having to do with Hondurans and Nicaraguans will be hushed up and placed behind a smoke screen.

In the judgment of American analysts whose observations have been publicized by newspapers and TV there, the only thing that could prevent a devastating and undesirable war in Central America would be a resolution by the Democrats who now control Congress to stop the Reagan administration from intervening in a conflict in which, as I have said so many times, neither the Russians, nor the gringos, nor the Cubans, nor the Contadora hucksters should interfere.

In other words, let the Nicaraguans, Sandinists and "Contras" alike, fight for what they believe in with their men, their weapons, their resources and their patriotism. There must be no wider war, as no Central American country except Nicaragua could endure one for longer than a week.

Comparing the powerful, modern weaponry of the Sandinists to the hardware of the other Central American militaries would be like filming a movie in which Mickey Mouse, armed with a slingshot, meets Rambo, the frenzied, armed-to-the-teeth murderer. Who enjoys killing and destroying.

8743

CSO: 3248/168

GUATEMALA

MARROQUIN SEEKS REGIONAL DEVELOPMENT TO CURB CITY GROWTH

Guatemala City PRENSA LIBRE in Spanish 22 Dec 86 p 34

[Text] The installation of new industries in the interior of the country will slow down migration to the capital. Hermes Marroquin, secretary of economic planning, stated this when commenting on state support for investors.

He indicated that during the process of developing agroindustry, the small businessman has not had access to government aid. "Therefore, we plan to organize them, facilitate credits, and offer them technical assistance."

He felt it was inconsistent to try to decentralize agroindustries in the capital. However, he stated that new investors will have the necessary facilities to develop in the interior and slow down rural migration.

Architect Marroquin said that 50 percent of the national urban population and 80 percent of the industries and institutions are located in the capital.

In his opinion, the population situation substantially affects integral development. "Therefore, it is imperative to seek decentralization of industries, agroindustries, and businesses that can be started in the interior."

7717

CSO: 3248/165

UCN CONGRESSIONAL MEMBERSHIP DECLINES

Guatemala City PRENSA LIBRE in Spanish 29 Dec 86 p 6

[Text] The UCN [Union of the National Center] will have 16 deputies left after expelling representative Mario Taracena Diaz-Sol from the party.

The UCN won 21 seats in the elections for Congress of the Republic. After installation of the Congress, four left and now one has been expelled.

The representatives who left the party are: Jose Garcia Bauer, Rafael Arriaga, and another who was from the PR [Revolutionary Party]. Now they are independents.

Carlos Enrique Chavarria Perez went over to the PR bench.

Remain in UCN

Those who remain on the UCN bench include: Jorge Skinner Klee, Hector Luna Troccoli, Oliverio Garcia Rodas, Pedro Adolfo Carlos Roberto Murillo Delgado, Richard Alla Mackenzie Shaw Arrivillaga, Edmond Auguste Mulet Lesieur, Miguel de la Vega Solis, Juan Ayerdi Aguilar, and Froylan Miguel Villatoro San Jose.

Others remaining are: Dimas de Leon Paredes, Salvador de Jesus Acevedo Solis, Carlos Enrique Perez Castaneda, Miguel Osorio Diaz, Joel Diaz Martinez, Otto Rolando Ruano Reyes, and Jaime Archila Marroquin, head of the delegation.

7717

CSO: 3248/165

BRIEFS

FIRST LADY WELCOMES REFUGEES--First Lady Raquel Blandon de Cerezo Arevalo promised thousands of Guatemalan refugees in Mexican territory that they could return to the country whenever they wanted and they will be welcomed. She recently visited the refugee camps located in Chiapas, Campeche, and Quintana Roo. [Text] [Guatemala City EL GRAFICO in Spanish 1 Dec 86 p 4] 7717

CSO: 3248/165

PROSECUTION OF SOME DURAZO MORENO CASE WITNESSES PLANNED

Nonappearance of Durazo's Brother-In-Law

Mexico City EXCELSIOR in Spanish 4 Dec 86 p 4-A

[Text] The prosecutor assigned to the 26th Court of Common Jurisdiction will file charges against all members of the city auxiliary police for presenting false testimony against the former chief of the capital police, Arturo Durazo Moreno. It has been proven that Durazo Moreno extorted nearly 10 billion pesos from thousands of citizens.

This afternoon Durazo Moreno's brother-in-law did not appear before the judge as scheduled, and Federico Garza Saenz objected to the charges that were filed against him.

At the same time, prosecutor Juan Miranda Collado emphasized that "it is impossible for a person who was under the command of the former police chief to submit to this type of interests—Garza Saenz—and for billions of pesos to be stolen."

"We will take penal action against all these criminals, who have violated the constitutional order and have also violated legal norms to the detriment of the citizens' rights."

It was noted that Durazo Moreno's brother-in-law did not show up today, and that only a little evidence was brought to the court by some individuals who had dealings with the former police chief, and who have already testified on his behalf.

Miranda Collado emphasized that attorney Manuel Zuzunaga will have to answer to judicial authorities, and if his accusation is not shown to be justified, he will have to accept his judicial responsibilities. "One cannot evade a judicial hearing, and it has been proven that he made false statements."

Finally, the prosecutor indicated that "we will not allow the defense witnesses to thumb their noses at the authorities, and the 14 commandants who have presented false testimony will have to answer to the charges in court."

February Weapons Case Decision Awaited

Mexico City EXCELSIOR in Spanish 9 Dec 86 p 4-A

[Article by Hector Adorno R.]

[Text] Judge Juan Silva Meza of the 8th District Penal Court will not issue his decision on the three cases involving Arturo Durazo Moreno until early February, it was confirmed yesterday. Durazo Moreno, the former chief of the defunct General Directorate of Police and Traffic, is being tried in that court on three charges of weapons stockpiling.

The public prosecutor in charge of the Durazo case, Juan Miranda Collado, requested that the judge of the 26th District Penal Court subpoena from the National Banking Commission all information related to the banking transactions undertaken by the Durazo Garza family from 1982 on.

The representative of the Office of the Attorney General of the Federal District indicated that he is also awaiting the information he requested from authorities in the United States and Canada on the existence of 11 bank accounts in institutions there, under the name of the Durazo Garza family.

Miranda Collado reported that the proceedings will be concluded this year with the appearances of Jesus Navarro Munoz, Jose Antonio Huesca, and Pedro Elizalde Ruiz, who were aides to Durazo Moreno during his time in office. They are expected to appear in the 8th Penal Court next Wednesday 10 December.

Court appearances will resume on 21 February 1987, and finally, on 11 February [as published] Durazo Moreno will testify. That will mark the close of the proceedings in this case.

Police officials and attorneys commented that because of the denial of the writ of "amparo" filed against the three orders issued by Judge Silva Meza holding Durazo Moreno to answer for the charges, he could be sentenced to consecutive prison terms amounting to as much as 10 1/2 years. For this reason, he would not be eligible to be released on bail.

Collado Miranda stated that by mid-January "at the latest," he should have the information from the U.S. and Canadian banks where the former official allegedly has more than \$8 million deposited.

He pointed out that this information will confirm that the defendant committed the crime of extortion, "because there is practically no other way to prove this fortune."

Finally, the public prosecutor repeated that he will seek every means to file criminal charges against all the chiefs of the Auxiliary Police, former public servants of the auxiliary licensing offices, and others implicated in the Durazo Moreno case who retracted their testimony against the accused.

8926

CSO: 3248/144

ARMY TO TRAIN MEXICO CITY POLICE FOR ANTICRIME EFFORT

Mexico City EXCELSIOR in Spanish 20 Dec 86 pp 1-A, 19-A

[Article by Aurora Berdejo and Nidia Marin]

[Text] The Mexican Army will train Mexico City police officers in tactics so that they can attack crime at its heart. This does not mean that the police force will become militarized, stated the secretary general of safety and roadways, Gen Jose Domingo Ramirez Garrido Abreu, yesterday.

In view of the increase in criminal activity in Mexico City, these measures will be taken in accordance with an agreement. Data from the Office of the Attorney General of the Federal District indicate that crime is on the rise: Between January and June 1986, 81,909 crimes were reported, including 42,957 robberies, 14,817 assaults, 10,060 cases of property damage, 4,029 reports of incidents, 2,631 homicides, 2,536 threats, 1,179 attacks on communication facilities, 1,165 sex crimes, 999 frauds, 735 incidents of plundering, 567 abuses of trust, 190 abuses of honor, and 44 incidents of child stealing.

In addition, the delegations where the most crimes are committed are as follows: Cuauhtemoc and Gustavo A. Madero tie for first place, followed by Benito Juarez, Iztapalapa, Miguel Hidalgo, Coyoacan, Venustiano Carranza, Azcapotzalco, Alvaro Obregon, Iztacalco, Tlalpan, Xochimilco, Magdalena Contreras, Tlahuac, Cuajimalpa, and Milpa Alta.

Gen Ramirez Garrido Abreu was interviewed during the tour of three delegations of the capital by the president of the republic and the chief of the Federal District Department, Ramon Aguirre Velazquez. He talked about the cooperation between the Army and the police with regard to tactics and training, and also in social service. He noted that the two institutions have a common goal: to safeguard the interests of society.

He explained that in January a police platoon will be trained in parachute jumping, and today there will be an equestrian event (the first event at which the cooperation agreement will be formalized) at the Los Leones equestrian field.

He was asked whether Army troops will join forces with the police in view of the shortage of guards, and he answered that the Army's function is clearly set forth in the Constitution, and there will be no need for that.

He explained that this is a matter of improving the quality of police services for the benefit of society.

Ramirez Garrido Abreu also commented that the police have found that neighborhood residents are their best allies in public safety programs, because it is neighbors who hold meetings and point out the places where crimes take place. In fact, he added, many streets near schools, where drugs used to be sold, no longer have this problem thanks to parents; the police cannot patrol all school campuses.

8926

CSO: 3248/144

PRI, COCEI BEGIN SHARED-POWER ARRANGEMENT IN JUCHITAN

Mexico City LA JORNADA in Spanish 15 Dec 86 p 4

[Article by Rafael Bermudez]

[Text] Juchitan, Oaxaca—"Today, Monday, the flags, the Indian-style women's tunics, and the red handkerchiefs will enter the city hall of Juchitan once again," declared Hector Sanchez Lopez emphatically. Sanchez Lopez, leader of the Labor, Peasant, Student Coalition of the Isthmus (COCEI), pointed out that his organization will participate in the formation of the municipal council that will govern jointly with the Institutional Revolutionary Party (PRI) for the next 3 years under the chairmanship of a representative of the state government.

The COCEI leader, at a rally held this morning outside the offices of the PSUM-COCEI Coalition in this city, discussed the dialogue policy initiated by state Governor Heladio Ramirez Lopez in an attempt to ease tensions and encourage reconciliation in the Juchitan community. He noted that "for some time this has posed a problem which required a municipal council based on the coordination of the political forces in Juchitan, led by Felipe Martinez Lopez as government representative."

Sanchez Lopez mentioned the years of sacrifice, arrests, torture, persecution, and jailings of COCEI leaders and members that led up to this achievement. He regards this development as a major advancement in the struggle and an indication of political maturity and rationality.

He recalled that last 15 September, an attempt was made to install Vicente Reyes Salinas of PRI through election fraud, but the people mobilized in rallies, hunger strikes, and marches, here and in the Federal District, to prevent this from happening. Now, through reason and dialogue with Heladio Ramirez, a fair solution has been hammered out. This solution to Juchitan's political problem definitely opens up democratic possibilities for citizen participation in public affairs, he noted.

The federal deputy of the Leftist Coalition, Leopoldo de Gyves de la Cruz, pointed out in his speech that the COCEI leaders who are on the municipal council will fight to ensure that the council works honestly and fairly, to the benefit of the people. Otherwise, as soon as any manipulation or vengeful

act becomes apparent, the COCEI will take immediate action to evict the traitors from City Hall.

"Three years ago," concluded Hector Sanchez, "security forces ejected the COCEI from the Juchitan City Hall. Today, exactly 3 years later, the COCEI will once again enter the hall to peacefully evict the security forces that have no business being there; Juchitan is not a barracks."

Along other lines, there is great excitement in this city and everything is ready for the arrival of Governor Heladio Ramirez Lopez. The governor, the presiding judge of the Superior Court of Justice, and the president of the legislature will swear in the municipal council, which will consist of three representatives of the Juchitan PRI and three COCEI leaders.

The appointment of the Juchitan council is absolutely legal, because Article 117 of the Municipal Charter provides for it, stated Deputy Sergio Vera Cervantes, leader of the Chamber of Deputies. He noted that the executive branch has the power to name the council, and the legislature, meeting in a regular session, has issued the necessary decree.

This event in Juchitan will mark Governor Ramirez Lopez' first visit to the interior of the state and to the isthmus of Tehuantepec, where Tuesday he will visit the municipalities that are experiencing political conflicts. There he will talk with the disputing parties at the scene of the events in order to find solutions that will guarantee unity and social peace in the region, according to the official bulletin. On Wednesday the 17th (as he promised the governor of Chiapas, Absalon Castellanos Dominguez, so that his brother, Ernesto Castellanos Dominguez, could be freed by the residents of Santa Maria Chimalapas who were holding him) he will meet with them in Tapanatepec, Oaxaca, and Sintalapa, Chiapas, which are border areas, in order to reach a final settlement of the border dispute between the two states.

8926

CSO: 3248/144

CHANGE IN JUVENILE STATUS URGED BY SALES GASQUE

Mexico City UNOMASUNO in Spanish 29 Nov 86 p 12

[Excerpt] Renato Sales Gasque, attorney general of the Federal District, yesterday stressed the need for "a comprehensive reform that will allow for a new approach to the problem of juvenile delinquency." He repeated that for this purpose, juvenile status should be reduced to 16 years of age.

At the closing ceremony of the second lecture series of the Institute of Professional Training, Sales Gasque emphasized that the Public Ministry cannot adopt an "authoritarian and arrogant position, much less jeopardize the moral or physical integrity" of suspects to get a confession out of them. He added that modernized expert services enable the institution to obtain technical and scientific evidence that is sometimes more convincing than the confession itself.

He pointed out that one result of the 1983 reform of the Penal Code was the elimination of the presumption of criminal intent, so now the prosecution must prove the corpus delicti and the defendant's probable guilt.

At the close of the meeting the night before last, he indicated that "it would be worth delving further" into the proposal by jurist Sergio Vela Trevino that an "intermediate zone" be established between the ages of 16 and 18, during which special treatment would be given to juvenile delinquents.

8926

CSO: 3248/144

CARRION ON RELATIONSHIP BETWEEN FSLN, CHRISTIANS

Managua EL NUEVO DIARIO in Spanish 26, 27 Dec 86

[Interview with Luis Carrion, member of FSLN National Directorate and Vice Minister of Interior, by Marta Harnecker]

[26 Dec 86, pp 1, 10-11]

[Text] The Nicaraguan revolution is the first revolution in Latin America in which Christians are taking part en masse, both in the rank and file and in the very leadership of the revolutionary process, in neighborhoods, in the countryside and, to an extent, in the leadership of the Sandinist Front. What explanation is there for this phenomenon? What policy has the Sandinist Front pursued to incorporate Christians into the revolution? Why isn't there reason to speak of a strategic alliance between Christians and Marxists? These are issues that are addressed in depth and with rigor in this interview by Commander of the Revolution Luis Carrion, one of the early leaders of the Christian movement who in 1972 contacted the leaders of the Sandinist Front.

Part One: the Origin of Christian Participation in the Nicaraguan Revolution

Marta Harnecker: We know that Christians played a very important role in the Nicaraguan revolution. To what do you attribute the incorporation of this new force into the revolution: to a change within the church, to the Christian traditions of the Nicaraguan people or to the policy of alliances that the Sandinist Front adopted?

Do you think that it is proper to speak of a strategic alliance between Christians and Marxists?

Luis Carrion: I think that this entire issue has to be analyzed on the basis of the historical evolution of Christian involvement in the revolutionary struggle in Nicaragua. The first point that I would have to emphasize is that in any grassroots struggle in Latin America the involvement of Christians will be very broad, inasmuch as our peoples are primarily Christian. Nevertheless, I think that the phenomenon of Christian involvement requires separate analysis. And I am going to relate our experience to you.

Here in Nicaragua there never existed a large political organization that could bring together a major segment of the population under the banner of Christianity. There was and still is a small Social Christian Party that never had influence and was never able to use the structures of the Catholic Church to further its party activities. In this regard, until the early 1970's Christians were neither politically influential nor politically involved in the country as Christians, nor were they indirectly involved through a party that could call itself Christian.

After the Second Vatican Council, which ended in 1965, and particularly after the Medellin Conference in 1968, new currents of thought and action began to be seen among the rank and file of the Catholic Church. It was essentially then that the church communities or the grassroots Christian communities began to develop. They marked a change in the church's approach. The parish priest ceased to be the sole representative of the church, which began to create a grassroots church community in which ordinary Christians could get involved. This developed more in some areas than in others, depending largely on the parish priest who was in charge.

Marta Harnecker: What did these grassroots communities do?

Luis Carrion: When these lay Christians started meeting to think about things as a community, they started talking, not only about Christian issues but also about the economic and social problems that were besetting them. We have to remember that almost all forms of grassroots organization were repressed in Nicaragua. So, some of these communities gradually became local leadership groups.

In several places leaders whose roots were in these grassroots Christian communities began springing up. The momentum in that direction was not entirely imparted by anyone. The initial momentum came from the Catholic Church itself, which told Christians to grapple with the world's problems (Vatican II and Medellin), and at a given moment this coincided with the actions of the Sandinist Front.

Marta Harnecker: And what sort of people formed these grassroots communities? College students who were devoted to the people, or local residents?

Luis Carrion: It was a strictly grassroots phenomenon. The Christian communities were made up of local residents. In general, they were older adults with some degree of authority in the community.

Christian Activists Among Young People

Marta Harnecker: And what happened among young people?

Luis Carrion: Something different happened in this segment of the population, but the roots were the same. The most important development was among college students. By the early 1970's the Catholic youth organizations such as the JOC [Catholic Worker Youth] and the JUC [Catholic University Youth] had already ceased to exist. Groups of young people then started getting together for what they called reflections on life. In practice, they were reflecting

on their own commitment to man. They conducted sessions of criticism and self-criticism on the basis of Gospel readings and references to the faith as their motivation.

Marta Harnecker: Could you explain to me what this commitment consisted of?

Luis Carrion: The essence of the commitment was real action to help one's fellow man. In a way, we understood fellow man to mean the people and, especially, the poor.

This phenomenon sprang up in several high schools and later moved to colleges. The motivation, which derived from the faith itself, coincided with the intense political activity that was going on in the university at the time and hastened the politicization of these young people, who began to devote themselves increasingly to clearly political activity, though without yet joining the student organizations that the FSLN was promoting.

Marta Harnecker: Is it true that a group of you went to live in poor neighborhoods?

Luis Carrion: Yes. In January-February 1972 our group of Christian university students decided to leave our homes and go live in a poor neighborhood in the parish of Father Uriel Molina. We combined life in the local community and the work that this involved with college life. For this reason the nascent Christian university organization lost strength.

Marta Harnecker: What motivated you to go into poor neighborhoods?

Luis Carrion: There were two main motivations. The first was to live the ideal of the first Christian communities, which shared all their goods, which lived in communion with the poor and in which each individual worked for the common good. The second was to sever the bonds with our own families, some of which were very well-off, in the understanding that a real commitment to the grassroots struggle meant sharing its poverty, its limitations, its entire life.

Marta Harnecker: Was it because of the formation of these communities that the FSLN contacted you?

Luis Carrion: It was not exactly for this reason. The leaders of the Sandinist Front realized before this that a new development was taking place, that there was a generation of young people, of Christian college students who had some degree of organization and a clear-cut revolutionary political approach. The front then sought to incorporate this movement into its ranks.

The leaders of the movement met for the first time with the leaders of the Sandinist Front. In other words, the FSLN went over the head of the Revolutionary Student Front (FEC) and established relations directly with this group of Christians. This was how the first talks got under way.

Marta Harnecker: Were you a leader of the movement at the time?

Luis Carrion: Yes. I had become one of its leaders. My original idea when the contacts began was an alliance between our forces and the Sandinist Front. While maintaining our identity, we could develop common ground and do a lot of things.

Marta Harnecker: Limit yourselves to unified action?

Luis Carrion: Yes, that's right. The front's leaders were not directly opposed to this approach, but in practice it got watered down. As we joined in the revolutionary struggle against the Somoza dictatorship, we began to realize clearly that we could not operate as an independent force.

Later, after some of us were already active in the FSLN, and partly as a result of the dynamic of events, we clearly saw the possibility of expanding the influence of the Sandinist Front enormously if we managed to organize these forces, which had only been organized halfway till then. As I later learned, Carlos Fonseca was the first to propose this course of action.

Marta Harnecker: Organizing a Christian movement?

Luis Carrion: Yes, a political organization of Christian youth.

Marta Harnecker: Why a Christian movement and not directly into the FSLN?

Luis Carrion: Because the feeling was that this could be a way to bring together a great number of young people who were Christian activists. Although they were very willing to fight, they still had reservations and doubts about direct involvement in Marxist organizations.

The movement was strong in Managua and Leon, because these were the two university centers. It quickly spread outside the university, mainly to the poor districts in the city.

The Poor Neighborhoods as Workplaces

Marta Harnecker: The various churches, the Catholic Church specifically, have attached great importance to work in poor neighborhoods. Their organizational structure is mainly territorial, whereas Marxist parties, until just a few years ago, concentrated their organizational and propaganda efforts in the workplace. Do you think that this influenced your decision to place greater emphasis on work in the poor neighborhoods?

Luis Carrion: No, that was not the motivation. When the movement was founded, we did a very rudimentary analysis, somewhat prompted by the leadership of the Sandinist Front. Three documents were drafted, one on the national situation, the other on the responsibility of Christians and I don't recall the third. The first one was the key. In it we analyzed the social classes in Nicaragua. We noted that the working class was a small and very scattered sector. Therefore, we ruled it out as a sector in which we could concentrate our forces. We saw that most of the poor were concentrated in certain neighborhoods and we drew the conclusion that it was there that the emerging movement should focus its efforts.

Marta Harnecker: The community experience in poor neighborhoods must have weighed heavily in your decision...

Luis Carrion: Yes, that's right. Moreover, our relations, our ties, our acquaintances were in the poor neighborhoods, because there was a sort of relationship between the Christian youth movement and the grassroots church communities. We met several priests and lay people from the poor neighborhoods, and these neighborhoods naturally emerged as the logical place to extend the activities of the Christian movement.

Politicization had already begun in the communities. We went there as a Christian movement that included some activists in the Sandinist Front. What these activists sought was to bring the best cadres, the most advanced ones into the front, but without removing them from their environment...

Marta Harnecker: Luis, explain this phenomenon to me a bit further.

Luis Carrion: We left the university and went into the poor neighborhoods and there we undertook activities that were not Christian as such. We started to undertake activities aimed at organizing community boards, groups of young people in the poor neighborhoods, in other words, to set up a grassroots organization to be politicized for the revolutionary movement. Now then, what did we encounter in many instances? We found that these rank and file communities were already in place and that they consisted of some very advanced people, people who had been thinking about the problems and were looking for something to do. In many cases the neighborhoods leaders, the community leaders, the leaders of the youth movements arose from the church communities; they were the college students who we put in the poor neighborhoods. A large number of leaders had very clear Christian roots.

But when we went into the poor neighborhoods, we did not do so as a religious organization; we did so as a primarily political organization with Christian roots many of whose members still identified themselves as Christian.

As Sandinist activists and promoters of the Christian movement, we had considerable freedom to operate. We were given broad leeway. We were not told how to do things or where to get involved. The Sandinist Front did not try to set guidelines. We were given broad autonomy even though we were brand new activists. And I think that was very important, because it enabled the movement to develop in its own way in accordance with the characteristics of its members and the environment in which they were working. Nothing was imposed from above. We never discussed philosophy or religion. We discussed the practical needs of the political struggle.

The result was that a very large group of Christian leaders and leaders with Christian roots gradually joined the ranks of the Sandinist Front. They were respected people with authority as Christians and as community leaders, and this in turn enabled them to communicate with broad segments of Christians.

The Christian University Movement was there to the end and always helped to channel new people who could more readily join this movement than the FER.

Marta Harnecker: Was it a sort of FSLN mass front?

Luis Carrion: Not a mass front proper. It was relatively small, a movement with hundreds, not thousands of members.

But these hundreds of members were cadres, hundreds of leaders who went into the poor neighborhoods, and therefore their efforts multiplied. In going into the poor neighborhoods, they were not trying to get people to join the Christian Movement. What they were after was to strengthen various forms of mass organization and mobilization in the poor neighborhoods and, at a given moment, to link these organizations with the Sandinist Front.

The Countryside: a Network of Delegates of the Word

Marta Harnecker: Did the same thing happen in the countryside?

Luis Carrion: Something different happened in the countryside.

The church created a much more solid and effective organization in the countryside than in the city. A single priest controlled a much greater area than in the city. And he did so through the so-called "delegates of the word." These were leaders who normally lived off the church. They were almost always poor peasants, not because they had decided to be but because in most cases it was among them that they found people who were willing to devote themselves to this sort of activity, most of the time in exchange for a little money. We have to bear in mind that in many cases the church promoted social projects in the countryside: drinking water, donations to build a school or housing, etc.

A priest had under his jurisdiction 15, 20, 30 or 40 delegates of the word spread all over the territory he served. They performed certain priestly functions such as preaching, administering communion after the priest blessed the hosts, and others. And when their numbers grew larger, deacons were appointed; they represented a higher administrative level and controlled a group of delegates of the word. The priest covered a very broad range through this entire organization.

In general, the delegates of the word also became politicized when they started addressing problems that were material and specifically political, not exclusively religious. They began to see that the Somoza government was not providing answers and that the Civil Guard was mistrustful and at times repressive. So they naturally made the leap towards involvement and even ties with the guerrillas.

The Christian rank and file in the countryside and in the poor neighborhoods eventually joined the Sandinist Front or the various groups it promoted en masse. This had to do, I think, with the way in which the Sandinist Front addressed the Christian issue in practice. I think that it is important to underscore this.

[27 Dec 86 pp 1, 6]

[Text] Marta Harnecker: Could you explain to us in detail the strategy that the FSLN pursued with regard to Christians?

Luis Carrion: The Sandinist National Liberation Front never fell prey to the temptation of designing a policy and a language for Christians and different ones for the rest of the people, which would have been a veiled manifestation of sectarianism. In the FSLN's experience, neither the people nor revolutionaries themselves can be divided into Christians and non-Christians. Christianity as a religious and cultural phenomenon encompasses the majority of the population, whether they are practicing or identify passively with it.

The oppression of the Somoza dictatorship, the subordination to imperialism, and the poverty, ignorance and helplessness that resulted from capitalism in our country preyed on the entire population alike, without regard to their religious beliefs. The FSLN's efforts among the Christian rank and file were no different from its efforts with the rest of the people; all of the appeals were to struggle for the overthrow of the dictatorship and the construction of a new society.

The Christian Revolutionary Movement that we spoke of before was not a denial of this policy; rather, it was an individual way of carrying it out. It was an organization of young students who were beginning their revolutionary political activities in it as they made the transition to higher levels of awareness and membership in the FSLN. It never sought to become the political organization of Christians at large.

Christians Not a Homogeneous Group

Moreover, Christianity is not a political program, and Christians are not a homogeneous group. In Latin America they represent almost all of society, with its contradictions and class struggles, with its heroes and its villains. The cross and the Gospel have accompanied some of the noblest undertakings in man's history but also some of the most ignominious. Under such circumstances it is absurd to think in terms of accords or alliances with Christians at large.

That was not the FSLN's policy. We discovered the revolutionary potential and the progressive positions of many grassroots leaders of the Catholic Church and we went directly to them to recruit them for the revolutionary struggle and for the front, without resorting to middlemen or asking permission from anyone. Nor did we invent pseudoreligious speeches to lure them.

Of course when a grassroots leader was recruited by the FSLN, he brought the revolution's influence into the church organizations in which he was involved. These comrades often tried to bring others into revolutionary activism by emphasizing the motivation of their own faith and religious convictions. But their language was that of authentic Christians and, at the same time, authentic revolutionaries, not an FSLN fabrication. The front's principle and official position has been total respect for religious beliefs. It has fought

against all manifestations of sectarianism and discrimination that could arise against believers.

Marta Harnecker: You say "could arise." Haven't many Marxist parties in Latin America actually done so?

Luis Carrion: Yes, that's true. The reactionary sectors on the continent have tried, quite successfully so far, to make religion a backward-looking and even counterrevolutionary force. Many times the hierarchy has prevented the Christian masses from becoming strongly involved in the revolutionary struggle. We must also recognize, however, that vanguard organizations have often made mistakes that have helped to strengthen the mistrust and fear that our class enemies have instilled over centuries of efforts.

Eliminating Obstacles to Christian Involvement in the Revolution

I think that the main task of revolutionary leaders in Latin America, in this regard, is to eliminate the obstacles and make it easier for Christians, who have enormous potential, to join in the revolution. Religion is a quite powerful ideological force that can hamper or hasten consciousness-raising in nations.

Marta Harnecker: What obstacles are you thinking of when you talk about making it hard for Christians to join in the revolution?

Luis Carrion: There have unquestionably been problems of sectarianism and discrimination against comrades who have Christian roots and hold religious convictions.

Overcoming sectarianism means that Marxist revolutionaries must acknowledge that the principles of Christianity, when positively interpreted, are a moral foundation on which men can join the struggle against oppression and injustice. This is not a philosophical consideration; it is a historic fact. I myself approached the revolutionary struggle (and I am no exception) on the basis of my religious convictions. The discovery of Marxism came later. Many other comrades plunged into the struggle against the dictatorship convinced that their involvement in the revolution was the only way to live their faith consistently. Their moral stature is no less than that of others who came to the struggle from different ideological convictions.

The other problem to be resolved has to do with the incorporation of revolutionary Christians in the Marxist vanguards of Latin American countries. I feel that as long as the vanguard organizations keep their doors closed to Christians for philosophical or ideological reasons divorced from revolutionary praxis and from the concept of class, it will be hard to dispel the mistrust and suspicions of Christians, which have been fueled by enemy propaganda but also by the sectarianism of many revolutionary organizations.

Marta Harnecker: So you don't feel there is any contradiction between Marxism and Christianity?

Luis Carrion: I see no reason why Christians cannot, without renouncing their faith, adopt all of Marxism's conceptual tools that are relevant to a scientific understanding of social processes and to a revolutionary orientation of their political praxis. In other words, a Christian can be a perfectly consistent Marxist and, at the same time, a Christian. The existence of God should not become an issue that divides revolutionaries who in all other respects hold the same views.

Vanguard and Christian Activism

Marta Harnecker: Getting back to the obstacles...From what I have seen, the Sandinist Front has overcome both obstacles.

Luis Carrion: Our experience is very broad and instructive in this regard. Many Christians have been and are active in the Sandinist Front; some are even priests. And I am not just talking about rank and file activists. Some of them are members of the Sandinist Assembly and fulfill high-level political responsibilities. In spite of the struggle that has been going on inside the Catholic Church, these comrades' Christianity has not come into conflict with their revolutionary activism and their party discipline. Nor has the FSLN become a forum for philosophical or religious debate, however. A lot of things can be argued in connection with our experience, but the fact is that the Sandinist People's Revolution has emerged stronger.

I think that certain Marxist vanguard parties have tended to see progressive, revolutionary Christian groups as competitors who make off with part of their political constituency. In my judgment, this is a mistake.

I think that avoiding that mistake was one of the FSLN's biggest successes. We linked up with the church's grassroots groups, not to pull people out of there but to bring them into the Sandinist Front as a step in their political development, without this in any way conflicting with their involvement in Christian groups. On the contrary, we let them stay in their organization so that their higher commitment would end up as political action in that forum. Their joining the FSLN was never portrayed as a choice between their Christian faith and their activism in the front. If we had put things that way, we would have been reduced to a very small number of people.

Struggle Inside the Church

Marta Harnecker: What is your view of the conflicts that have arisen inside the Catholic Church in Latin America in recent years?

Luis Carrion: I think that one of the most significant developments for the expansion of the revolutionary struggle in Latin America at present is the conflict that has been going on for several years within the Catholic Church between the progressive sectors and the allies of the oligarchical, pro-imperialist forces. This struggle and its outcome could have enormous repercussions for the continent, because it will determine whether the tremendous ideological power that the Catholic religion represents is going to throw its weight behind or against social and political change.

For centuries the Bible was interpreted theologically in the interest of the ruling, exploiting class for the most part. Today, as a result of the class struggle inside the Catholic Church, a new theology has emerged, the theology of liberation, which has legitimized exactly the opposite, that is to say, the active involvement of Christians in grassroots struggles.

This is a new situation that creates undreamed of prospects and in the face of which we revolutionaries cannot remain impassive. Obviously, the point is not to get involved in the debate, because that is up to the revolutionary Christians themselves. It is up to us to eliminate the political and ideological obstacles that could stand in the way of Christians joining the revolutionary struggle and to support the forces inside the church that are defending the interests of the exploited.

8743

CS0: 3248/156

ANTHROPOLOGIST ON SOCIAL INJUSTICE, SUBVERSIVE VIOLENCE

Lima EL NACIONAL in Spanish special supplement 9 Dec 86 pp 10, 11, 16

[Interview with anthropologist Luis Lumbreras by Gerardo Torres: "Ayacucho Demands Profound and Radical Change"]

[Text] One of the country's thinking consciences, anthropologist Luis Lumbreras, tackles his subject in the lines that follow. From his political and academic point of view, he at this time observes—judgments aside—signs of unrest in our society. But, removed from the apocalypse, he states that we are waiting for something and expecting new developments, changes operating on national policy. Removed from the superficial and epidermal, as he sees it, at the bottom of every violence situation is a lack of justice, chiefly in the Andean world, assaulted in a thousand and one ways over the centuries. His opinions on Ayacucho, Senderist desertions, in a word the limits of action of the political protagonists that run from the government and the Armed Forces to Sendero flow through this prism.

[Question] APRA [American Popular Revolutionary Alliance] is now in power. Over a year has gone by and the polls continue to indicate a very appreciable margin of popularity for its president. As for its representatives, they define themselves as the hope for a different future. Does this self-description seem right to you, a historian and also an intellectual in this country?

[ANSWER] The APRA platform is essentially a reform platform. Now the reforms they may introduce can generate forms of revolutionary change at any given time. Changes that are generated in themselves may contain revolutionary change in the long run, but within the bounds of a bourgeois-type revolutionary change. I think of the country as a big network with a number of nodes.

When these nodes begin to come undone, a system of different relations begins to rearticulate itself.

[QUESTION] What will happen in Peru in the event that the big national problems are not solved by the APRA approach?

[ANSWER] I would say that Sendero Luminoso [Shining Path] has been the leading factor in a preexisting insurrectional situation in this country for many years

now. In Peru we have had a rural population that is constantly rebelling. Let us remember the Leguía era and Belaunde's first administration. Over the past 50 years we have been witness to mobilizations of peasants and workers. The agrarian reform decreed by Velasco was a consequence of the peasant revolt in the 1950's and 1960's; the period of peasant rebellion that began in 1956, exploited at first by Hugo Blanco and the Trotskyites in the valley of La Convencion and later led by MIR (Movement of the Revolutionary Left—Marxist-Leninist) and the National Liberation Army in the 1960's—these were different forms of expression of the constant demand for social justice in this country.

So Sendero Luminoso is neither a particular nor an isolated kind of phenomenon. It is more a symptom of this situation involving maladjustment of the system. And the forms of violence Sendero has adopted are forms that are expressive of very tragic situations that may at any moment arise in other, different parts of the country in the same or in other forms because of the situation. We live in a country that has been in turmoil for many years now. I repeat, it is not only Sendero. We have a movement generated by the United Left and other people's organizations. So we are a country in revolt. Until July 1980 the country was in a state of absolute ferment. The countryside and the cities up in arms, and this situation still exists. What is happening is that at present we are going through a period of waiting and expectancy to see what is going to happen, what reforms or compromises will be made. But this can at any moment again become a powder keg. And so I greatly fear that the bells of the churches of Ayacucho may soon stop ringing and instead bells in other parts of the country will begin to toll.

[QUESTION] Why did Sendero Luminoso take root in Ayacucho? Why there and not elsewhere in the country?

[ANSWER] It could have happened anywhere else. In Ayacucho the presence of an organization that organizes violent insurrection is obviously a consequence of extreme frustrations over the years in a region where injustice—and the whole so-called Andean Trapezoid is involved in this—is a routine affair.

We who live there know that human rights, social rights end at the gates of the city. Beyond them the absolute arbitrary exercise of power begins. So Sendero has come to be an expression of this country that is not special in itself but historically presumable. There have been many Senderos in the course of our history. But at the same time I don't think that Sendero has its roots in Ayacucho in particular.

[QUESTION] Are you saying that it does not have its ideological and political roots there?

[ANSWER] Of course. I think that the situation is an insurrectional one. That is to say, people, the people, have risen in revolt and, thanks to this, Sendero Luminoso has in one way or another obtained a kind of support response. Sendero is the circumstantial, not the essential aspect of the problem. The essential aspect of it is more profound than that. As I see it, it is precisely Sendero as a symbol that is concealing the real problem. The problem that has to be solved is not the liquidation of the leaders of Sendero. That is undoubtedly one of the things the state will have to do to defend itself.

The problem requires a really radical transformation of the system. That is, it is not only a question of providing more water, more light for Ayacucho. It is a major problem of change of structure, of the balance of power; we have to change the judicial system, the legal system, respect the will of the people, the authentic will that emerges from their customs and ways, and respect their languages. We base ourselves on things as unjust as to dictatorially decree that Spanish is the language of all Peruvians, and that is not true.

We also base ourselves on the mistaken idea that our customs are the best, that what we eat, drink, clothe ourselves with is desirable, without the slightest respect for the thousands of years of historical tradition on which the way of life of those segments of the population which we call backward is based.

[QUESTION] The previous government's antsubversion strategy failed. To what do you attribute this?

[ANSWER] Although bullets will not provide a final solution to the country's social, economic and political problems, it is undeniable that there is a military problem. And the Senderists themselves know that they have generated a military problem. They are in search of a utopia, their own utopia, which they are trying to achieve, thinking that this is the way to do it. The problem is that the counterinsurgent strategy has taken the wrong path because they falsely assume that the subversion is solely generated by a few activists and that the issue consists of liquidating them. Liquidating only the leaders is liquidating the effect, not the cause. So the root of the problem, from the APRA viewpoint, somehow tends to be solved by generating economic resources in the region. This is, of course, a very important part of the problem, which it must devote itself to, but the problem has to be dealt with at the institutional level, a change in the judicial system, the balance of powers system, Parliament, the whole handling of economic relations, the distribution of wealth, every segment of the population's access to wealth.

[QUESTION] Do you notice any change in the counterinsurgent strategy by the present government from that of the previous government?

[ANSWER] As concerns the military, I'm very much afraid not. The symptoms of violence that have recently appeared either mean that the perpetrators of the military actions are not adhering to the premises on the basis of which the government wants to deal with the situation or that the government ultimately condones these violent methods, like those employed in Lurigancho, Garagay, Pucayacu and Accomarca, to cite only a few examples. We have been witness to indiscriminate, mindless, blind violence with symptoms of near madness. Furthermore, up to now none of the perpetrators of these crimes has been punished.

[QUESTION] So you disagree with Mario Vargas Llosa when he points out that the country's malaise begins with Sendero violence?

[ANSWER] I disagree totally. a very little while back Vargas Llosa discovered that there is another Peru. Many of us people who live in the part of Western Peru that is Lima don't realize what this magma of injustice that exists in the heart of Peru represents. The rebellion exists in response to a daily form of

violence. There is savage violence, fundamentally against peasants of Indian origin, which has assumed tragic forms throughout the history of this country. There is nothing new about this and we need only review the history of the country, not the official version but the authentic one that tells us of the people, to know that there is nothing conjunctural and novel about it.

[QUESTION] Maybe it seems to you that the best alternative would be the constitution of a regional government like the one proposed by the United Left?

[ANSWER] Yes, but I would say a regional government not only in Ayacucho. In order for it to be able to function properly, Ayacucho needs to have economic, social and legal relations with regions like Ica, La Selva and Lima. If we set up a regional government in Ayacucho independently of the fact that regional governments may be established throughout the entire country, what we create will be an island that will obviously be surrounded by a number of small regions or a larger region that will continue to supply itself through its provinces. This would involve changing the structure of the country as a whole, changing the Constitution itself.

[QUESTION] Gen (retired) Luis Cisneros Visquerria has justified what happened in Accomarca and presented Lt Telmo Hurtado as a hero. That is, he justified the "scorched earth" military antisubversion strategy. Do you feel that this method will succeed?

[ANSWER] This strategy has already failed in Vietnam. What this strategy has done is to provoke a general revolt. Its perpetrators failed with all the war might the United States has. It is to some extent being applied in Central America and it has been applied in the case of Peru, where its effects have been negative because, if they had been beneficial and positive, we would have to think that Sendero Luminoso is an impressive, powerful organization since it has not been liquidated in spite of everything that has already been done to the people of Ayacucho. They have cleaned out entire regions and towns like Accomarca and Pucayacu. I cite these cases because we have seen them. How many other similar cases may have occurred without our knowing about them? During the entire Gen Noel Moral period we were subjected to an absolute gag [on the press].

[QUESTION] Why do you think that Telmo Hurtado behaved with such brutality in Accomarca?

[ANSWER] Not only that gentleman, but also the soldiers who participated in the affair, the captain, the major and others besides them. Moreover, I don't believe that it was the only case. Let us remember what happened in Soccos and the case of the preachers in Huanta.

[QUESTION] Don't you think the authorities will punish those responsible for them?

[ANSWER] Impunity has been the basic characteristic of this country's dominant classes. The dominant classes are used to doing what they want without anyone's daring to point the finger at them. That is, they have been used to impunity. What has happened is that now these things have a greater impact on

us because the news media let us know about them. But the Ayacucho peasants, the people of Cuzco are used to this. They have seen their parents murdered and their wives raped without the rapists or murderers' ever being punished. so for them impunity is a daily part of people's lives in this region.

[QUESTION] Do you think that peace is possible in the Ayacucho region?

[ANSWER] We all have some hope of pacification. We must all struggle for that goal. But pacification in this country may be circumstantial, a false peace, a peace of tombs, a peace of silences, of closed mouths, a gagged peace.

[QUESTION] Are you saying that it will be an authoritarianly imposed peace?

[ANSWER] Yes, if peace is produced through silence. For example, the fact that people may not talk about what is going on. If we assume that peace exists derived from the fact that everyone who talks is killed or locked up in prison and if peace consists of making public opinion uniform through control of the press, it is no peace.

[QUESTION] How do you believe true pacification of the country might be achieved?

[ANSWER] I am of the opinion that peace will only come to Peru when people, our rulers and the nation, begin to think that peace and justice are essentially one.

We must solve those problems of justice that stem from the balance of power and from that moment there will be a chance of having peace. I honestly believe that people do want pacification. What I'm very much afraid of are the premises on the basis of which the APRA government thinks it can achieve that goal.

[QUESTION] How do you feel about the job the Peace Commission is doing?

[ANSWER] I sincerely regard its failure with much sorrow. The Peace Commission had in a way generated expectations in terms of its being a consultative, deliberative, denunciatory and, moreover, advisory body. But it has not worked. We have already seen the terrible setback its members suffered in the bloody episodes in Lurigancho. We cannot allow such an important high-level commission to be treated so badly.

[QUESTION] Would you say that it is not making itself heard?

[ANSWER] I believe that it simply cannot do so. It has no way to do so because it doesn't have the means for doing everything it seems to me a commission of this kind ought to do. A commission with the power to control things, pass judgment, to have the power of decision and to cease to be simply a deliberative body.

[QUESTION] So, do you think the violation of human rights will continue, that there will be other Accomarcas, more secret cemeteries?

[ANSWER] Look, they might be liquidated. I believe that there are signs in Ayacucho that the leaders of the rebel movement have been badly beaten. This seems to be demonstrated by what is happening in San Miguel and Tambo, where groups of rebels have surrendered.

[QUESTION] Do you believe that desertions are taking place or that the Senderist ranks are breaking into a rout?

[ANSWER] It's possible, it's possible.

[QUESTION] To what would this development be due?

[ANSWER] There are many factors. Weariness is one, the impasse they are in, family, personal, economic reasons. These are typical of a conventional war. But Sendero Luminoso is not alone in its revolutionary struggle. I would not find it at all strange that the true Senderists were not deserting, but that those people involved in the rebellion are doing so, those who are lacking in Senderist ideology, who don't think in terms of the overall ideological-political scheme that falls within the framework of the Sendero plan, but who participate in subversive activities, whether by supporting rebel groups or joining them for a thousand and one reasons, among others, for example, the terrible fear rural people have of finding themselves facing soldiers alone, because any young man who is in the middle of the countryside in the region is suspect.

[QUESTION] So at this point we might say that we are on the verge of an imminent victory by the counterinsurgent forces in Ayacucho.

[ANSWER] I would say that they are liquidating the armed rebellion there in its immediate aspects. I would not find it strange for a sort of politico-military control of the region to be established in a short time with a strategy of physical liquidation of the Senderistas. Therefore, there is no guarantee in the long run because the rebellion is not in itself determined by any group of persons. If this were so, we might think that the matter ended there. But we are not dealing with a situation that began in the 1980's and ended there. If this were so, we would be thinking that the military strategy is winning out. The problem is not conjunctural, but structural and, for this reason, the violence itself may be silenced in a short time, but the ferment is left alive; the conditions that caused it remain, injustice continues to exist and so the rebellion is alive and will break out at any moment again, perhaps in the same region or elsewhere. Let us not forget that Ayacucho was badly beaten in 1965 at the time of the guerrillas led by Hector Bejar.

We are approaching the end of an extremely convulsed century during which justice has reached a point at which it is impossible to continue to keep it within the structural channels the country has had since colonial days.

[QUESTION] Do you mean that APRA is at a crossroads... moving in line with a principle, so that, if it errs, it will end in a historical frustration?

[ANSWER] APRA has a plan that started as an alternative to the socialist plan established from the Marxist-Leninist viewpoint. APRA is thinking of a country

where the basic core is the reconciliation of the classes, while denying the existence of the class struggle within the society. APRA hopes to construct an independent society, autonomous of imperialism, one which can produce its own bourgeoisie on the basis of these reconciliation models. Personally, I don't believe that this is possible because class differences are essential in the history of mankind and in Peru's history as well. Obviously, a plan in which the key problem is not considered to be the elimination of the differences between the social classes. So, objectively viewed, the APRA plan does not hold a solution to our national problems. I always remember the spots people like Kerensky were in with a situation of this kind.

[QUESTION] Are you saying that Alan might be the Peruvian Kerensky?

[ANSWER] You already have the title of your article. I don't think so, nor is it accurate either. But I believe that APRA somehow represents a possibility similar to the one that its affiliated party, the Kuomintang, a party led by Chiang Kai-Shek, represented. Members of APRA felt that they were the Kuomintang of Latin America. Haya de la Torre said so in several speeches. So they may be capable of producing a democratic bourgeois nationalist revolution, but from there they cannot go on to solve our national problems. That will only be done through socialism.

11,466

CSO: 3348/166

- END -

END OF

FICHE

DATE FILMED

22 April, 1987